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NEWS SUMMARY

GENERAL

Killer storm wrecks Fastnet

Three people died and 16 were still missing last night after a savage storm lashed yachts in the Fastnet Race, leaving many craft sunk or abandoned.

A Royal Navy frigate and a Dutch destroyer were among the vessels involved in a massive rescue operation. Eighty-nine people were taken out of the water, including 36 taken by helicopter to Culdrose, Cornwall.

A Mayday signal was reported from former Prime Minister Edward Heath about other craft in distress near him, then Morning Cloud was reported to be heading to Falmouth with her rudder broken for the second time in the Admiral's Cup series.

Worst ever

The leading Irish contender in the race, Regardless, was towed into Baltimore, Co. Cork, having lost a rudder 4½ miles from the Fastnet Rock. Skipper-owner Ken Roman said the conditions were the worst he had ever seen and many crews were violently sick.

On Saturday 358 yachts set out from Cowes to race to the Fastnet Rock, off South-West Ireland, and back to Plymouth.

Two people were killed as the gale-force winds swept other parts of Britain. One man died when a tree crashed on to his car near Nantwich, Cheshire. In the Midlands another man was killed when a 10 ft wall blew down and crushed him in Wednesbury.

Iran clampdown

Iran's revolutionary Government mounted a major effort to regain control of security in the country amid fears that events in Tehran are slipping out of its hands. The revolutionary guards have been ordered to break up all unauthorised protest meetings. Back and Page 10

ITV peace bid

ITV companies have postponed today's threatened suspension of 18,500 staff until Monday to allow time for both sides to consider a request by ACAS for the dispute to go to arbitration. Back Page

Drink driving

Proposals for tightening up the law on drinking and driving are to be published by the Government later this year. A consultative document will be based on the Blennerhassett Report, which urged random breath tests on motorists. Page 5

Nuclear plant

General Public Utilities, the company that owns the Three Mile Island nuclear power plant, has announced a four-year, £130m plan to put the damaged Pennsylvania reactor back into service. Back Page

Barlow dies

Sir Frank Barlow, secretary of the Parliamentary Labour Party since 1959, has died, aged 61. He was knighted in Mr. James Callaghan's resignation honours list. Obituary Page 5

Stonehouse free

John Stonehouse, the former Labour Cabinet Minister, was freed from Norwich Jail after serving less than half of a seven-year sentence for fraud and deception. He was driven from the prison by his solicitor.

Briefly . . .

Three Spaniards were burned to death as they helped fight a forest fire, blamed on arsonists, near Ponferrada, northern Spain.

International Red Cross centre in Tyre, southern Lebanon, was hit by shellfire during a bombardment by Israeli and Right-wing artillery.

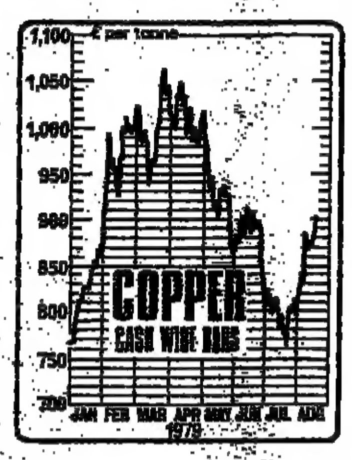
BUSINESS

Gilts rise 0.17; Copper up £28.5

● GILTS set the pace after a slow start and the recent fall was reversed, although trading conditions remained fairly thin. Gains of up to ¼ were registered in longs and shorts were a maximum of ½ better. The Government Securities Index was up 0.17 at 73.69.

● EQUITIES drifted downwards but, following gilts, edged away from the lowest and the FT 30-share index closed only 0.7 off at 475.1.

● COPPER prices rose sharply on the London Metal Exchange, the cash wirebars price rising



by £28.5 to £901.5 a tonne, moving to a premium of £2.75 over the three months quotation.

● STERLING lost ground in early trading, touching a low point of $2.2195, but late demand pushed it up to a closing level of $2.2320, a fall of 40 points. Its trade-weighted index remained unchanged at 71.2. DOLLAR'S index was 84.6 (84.5).

● GOLD fell to a low point of $291½ but recovered most of its losses to close $1 down at $296½.

● WALL STREET was off 1.03 at 874.33 before the close.

● ANNUAL ACCOUNTS of Inchcape and Co., the leading overseas trader, have been qualified because of uncertainty surrounding its £4.5m Iranian assets. Back Page

● DEPOSITORS with Kendal and Dent, the fringe "silver bank" which is being wound up by order of the High Court, are being invited to assign their rights to a company described as "Silverbank of Antigua." Back Page

● POST OFFICE has borrowed £24.3m on the City's short-term money market to cover shortages resulting from the strike which has halted delivery of computerised telephone bills. Page 6

● LONDON CLEARING BANK profits are forecast to increase by more than a third this year, mainly as a result of the higher level of interest rates. Page 6

● POLITICAL controversy about the Government's new standard-of-living index opened as it was confirmed that the first figures would be published on Friday alongside the monthly retail prices index. Page 6

● SHIPS sailing in the Gulf and whalers have to pay about double the extra premium for their war risk insurance as from midnight yesterday. Page 5

COMPANIES

● COMMERCIAL UNION Assurance Company reports a fall in taxable surplus from £64.2m to £58.1m to the end of June, and an underwriting loss of £17.2m against £4.3m. Page 12 and Lex

● SMITH AND NEPHEW reports first-half profits up 11.09 per cent at £10.04m. Earnings per 10p share rose to 4.18p (3.87p). Page 12; Cosmetic discounts for shareholders. Page 5

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 12¼pc. 1994	100½	+ ⅜
Excheq. 12pc. '13-17	£102	+ ⅝
A.B. Electronic	194	+ 10
Abbey	40	+ 6
Allied Irish	120	+ 8
Armstrong Equip.	62	+ 2½
British Car Auction	69	+ 4
Clifford (C.)	118	+ 5
Crescent Japan	151½	+ 8½
Decca "A"	335	+ 10
Hall Eng.	147	+ 13
Jardine Japan	114½	+ 7½
Man. Agcy. & Music	150	+ 4
McKay Secs.	140	+ 10
Office & Elect.	172	+ 7
Peters Stores	88	+ 6
Rush and Tompkins	150	+ 5
Trafford Park	146	+ 6
Wholesale Fittings	390	+ 15

FALLS

AGB Research	163	− 11
Commercial Union	144	− 4
Letraset	131	− 7
Morrison (Wm.)	178	− 11
Royal Insurance	343	− 7
Doornfontein	286	− 18
East Driefontein	612	− 50
Gold Fields of S.A.	£16¾	− ¾
Impala Plat.	156	− 5
Randfontein	£25⅝	− 1½
Rustenburg Plat.	119	− 5
Western Deep	710	− 51
Western Hldgs.	£16¼	− ¾

Engineering unions plan to strike two days a week

BY NICK GARNETT, LABOUR STAFF

Engineering unions will instruct their members to strike for two days every week from the beginning of next month unless the employers improve their national offer on minimum pay rates and hours.

The Confederation of Shipbuilding and Engineering Unions' general purposes committee yesterday sanctioned a two-day strike on September 3 and 4 to follow the present series of three 24-hour strikes. The last of these will be on Monday.

It is also unanimously recommending to the executives of all confederation unions on September 1 that the two-day strikes be repeated every Monday and Tuesday from then. The executives are certain to follow the recommendation.

Earnings

The two-week national overtime ban which, along with the one-day strikes, has hit production in all engineering sectors will continue.

The Engineering Employers' Federation, which is making a determined stand against improving its national offer, believes that shop floor support for strike action is likely to diminish the longer each strike-period lasts.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said yesterday, however, that the unions expected to receive the same level of support for two-day as for one-day strikes.

Some union estimates put the number of workers involved in Monday's strike, which shut down large areas of manufacturing industry throughout Britain, at about 1¾m.

Confederation officials believe two-day strikes are probably the most effective way of exerting pressure on employers without running the risk of serious divisions among the industry's workforce.

Two-day strikes also continue to preclude the necessity of paying strike pay, at least by most unions.

Mr. Duffy said the series of two-day strikes was "the best solution at present."

The unions' claim is for an £80 a week craft rate with pro rata rises for other grades. Employers have offered to increase the craft rate from £60 to £70, the unskilled rate from £45 to £50, and semi-skilled rates by 11.1 per cent.

Determined

The unions are also seeking a one-hour reduction in the working-week this year, a commitment to a 35-hour week by 1982, and two days' extra holiday.

Actual earnings in most companies are well above minimum rates because of company-level bargaining and overtime work. Minimum rates are important for shifts and overtime, however, and improvements in these rates would normally be reflected in locally negotiated increases.

'Back me against Left' Callaghan asks unions

BY CHRISTIAN TYLER, LABOUR EDITOR

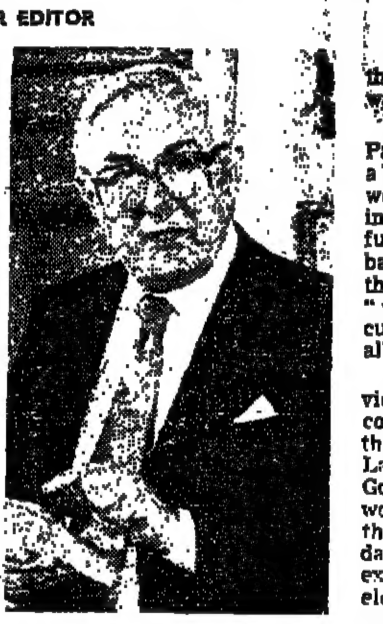
MR. JAMES CALLAGHAN, the Labour Party leader, yesterday publicly called on the trade unions to back his strategy in the struggle between Right and Left at the October conference.

Union leaders invited for the set-piece launching of Mr. Callaghan's campaign appeared confident afterwards that he would get the necessary votes in October to persuade conference to refer the Left's proposal for constitutional reform to a back-room committee.

The trade unions control conference with their 6m combined votes against the 650,000 votes of the generally Left-wing constituency Labour parties.

Mr. Callaghan's union supporters are not certain how the Transport and General Workers' Union delegation will use its 1.25m votes. But the TGWU is one of nine unions, including others with a Left-wing leadership, which have called for a longer-term inquiry.

The Opposition leader told his union audience: "We cannot waste time at this conference with a great wrangle when we are facing the prospect of the biggest crisis this movement has faced with regard to industrial policy in the course of the next 12 months.


Mr. Callaghan: We cannot waste time.

"We would be betraying our own members if we allowed ourselves to be sidetracked in this way."

The Tories would be rubbing their hands with glee if there was a public wrangle, he said.

The decision of the Labour Party national executive to seek a change to the constitution that would give it the deciding voice in the election manifesto would fundamentally disturb the balance of responsibility within the party and would do so "without any substantial discussion having taken place at all."

Mr. Callaghan repeated his view that the party conference could not be allowed to dictate the actions of the Parliamentary Labour Party or of a Labour Government. He attached more weight to the manifesto issue than to the Left's call for mandatory reselection of MPs and extending the franchise for the election of the party leader.

He claimed that many Labour MPs had been antagonised by the latest proposal and had told him "very forcibly" that they opposed it. "They have informed me in writing that if such a proposal were pushed through this year's conference it would be a

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Gibbons pays $10m for stamps

BY WILLIAM HALL AND ANTONY THORNCROFT

STANLEY GIBBONS, the London-based stamp dealer, has made its biggest ever purchase by paying over $10m (£4.4m) for the Marc Haas collection of early American postal covers. To help pay for the deal, and others like it, Stanley Gibbons' parent company, Letraset International, yesterday launched a £9m rights issue.

The purchase price of the Marc Haas collection is far in advance of Gibbons previous biggest outlay of $1.5m. The 3,000 covers will be disposed of through auction and private treaty over the next two to three years.

Mr. Haas, a Wall Street banker, now aged 71, assembled his collection over the past 30 years. It is regarded as the finest group of early U.S. covers in private ownership and many individual items are likely to be valued at over $100,000.

There are items from the pre-stamp period, including a rare cover from George Washington to one of his commanders; examples from the first general issue of U.S. stamps in 1847, including an exceedingly rare strip of four, and many good examples of Pony Express and Wells Fargo Express covers.

Stanley Gibbons, the largest philatelic dealers in the world, would have been unable to finance the purchase without the resources of its new owners, Letraset International, which bought the company last January. Early American stamps and covers are some of the fastest appreciating philatelic items on the market.

Most of the Haas collection is likely to remain in American hands. Gibbons intends to give priority of purchase to collectors rather than financial institutions, which are now investing in stamps encouraged by their very good appreciation record in recent years.

In the year to December 1978, Stanley Gibbons's pre-tax profits increased by 37 per cent to £2.1m on sales of £16.2m.

Letraset believes that the sale of the Haas collection will have a "significant effect" on Stanley Gibbons' trading during 1979-80.

Explaining the need for a rights issue—its second in four years—Mr. Bill Fieldhouse, Letraset's chairman, said in London yesterday: "It is now clear that the potential for expansion is considerably greater than our initial expectations particularly in international markets."

Since Stanley Gibbons was primarily a dealer, this expansion had to be supported by a substantial increase in the company's stock in trade. The acquisition of the Haas collection means that Gibbons' stocks will have roughly trebled to £15m since the end of 1977.

The terms of the rights issue are one-for-four at 110p. After the announcement Letraset's share price fell 11p to 127p but recovered to 131p.

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For latest Share Index phone 01-246 8026

Chrysler finance deal with GM

By John Wyles in New York

CHRYSLER'S financing subsidiary yesterday announced an agreement with its opposite number at General Motors which will bring the total emergency financing it has arranged over the last few days to $730m (£326m).

Chrysler Financial Corporation has been forced to seek alternative sources of cash for its wholesale and retail loans to Chrysler dealers and customers because of a looming liquidity crisis caused by the U.S. rating agencies' decision to downgrade its commercial paper, making it less attractive to investors.

Although profitable unlike its troubled parent, Chrysler Financial has been caught up in the backwash of uncertainty about the future of the U.S.'s third largest car and truck manufacturer.

With the market for its commercial paper virtually removed, the company had to move quickly to repay monies due on its paper and to maintain a supply of funds to finance factory sales of Chrysler units.

However, retail and wholesale demand for financing would appear still to be declining. According to figures released yesterday, Chrysler's car sales slumped 38 per cent in the first 10 days of this month compared with a 15 per cent decline at General Motors and 18 per cent at Ford.

Chrysler Financial has reached an agreement with General Motors Acceptance Corporation which is similar to the one it announced last Friday with Household Finance Corporation, another large U.S. financing company. In essence this involves selling consumer accounts receivable in return for immediate cash.

The Household Finance agreement will yield $500m by the end of next month and sales of receivables up to that limit can be made to Household Finance until September, 1982.

The General Motors deal is temporary and more limited. GM Acceptance has agreed to buy 25 per cent of individual accounts receivable up to the value of $230m. This arrangement would run until January next year and is the second time GM has arranged emergency financing for a rival. It came to the aid of American Motors in a similar way in 1970.

At June 30 Chrysler Financial had $4.19bn in receivables, including $2.45bn of retail accounts.

Chrysler Australia results Page 17

Britain urges ceasefire in Rhodesia

BY JAMES BUXTON IN LONDON AND TONY HAWKINS IN SALISBURY

BRITAIN has urged all sides in the Rhodesia war to observe a ceasefire to help make the London constitutional conference successful.

The Foreign Office yesterday issued invitations to the conference, which is to begin at Lancaster House on September 10 under the chairmanship of Lord Carrington, Foreign Secretary.

In Salisbury, Bishop Muzowera's cabinet is to discuss the invitation today. All indications are that his Government will accept the invitation, especially after reading the outline of the constitution that Britain has proposed and issued with the invitation.

The only parties at the conference will be Britain, Bishop Muzowera's Government and the Patriotic Front, led by Mr. Joshua Nkomo and Mr. Robert Mugabe. Each side will bring 12 delegates.

The Foreign Office has refused to comment on suggestions that it would prefer Mr. Ian Smith, thhe former Rhodesian Prime Minister, not to come to thhe conference. It said it was for Bishop Muzorewa to choose his own delegation. Mr. Smith would, however, have immunity from arrest if he came to London.

Prospects

The primary aim of the conference is to agree on a constitution for a legally independent Zimbabwe, as the state would be called. The British Government believes that if a constitution can be accepted, preferably after a ceasefire has already been imposed, then the crucial transitional arrangements for the move to legality, for elections and for the change in the role of the military, can be agreed more easily.

The British Government has strongly urged the parties "that the prospects for a successful conference will be greatly enhanced if both sides will observe a ceasefire."

The outline for an independent constitution implies a reduction in the blocking power of the white community in the Rhodesian parliament.

There would be a minority of seats for the European community in the new House of Assembly "for a specified minimum period." But the exact number of these seats and how long the provision would last will be decided at the conference. At present, there are 72 black and 28 white seats. This mixture has been criticised as disproportionately favourable to the 240,000 strong white minority.

The British intend to work out the details of the new constitution at the London conference. The British Government, unlike its tactic at the Geneva conference of 1976, is not putting forward detailed proposals of its own which would give other parties the chance to take up rigid positions in advance. While the African frontline states will be welcome to send observers, neither they nor the U.S. will be admitted to the conference.

Observers in Salisbury considered the British Government's outline "quite promising," but a senior Government spokesman noted that it was "woolly" and left "a lot out." Political observers noted that the outline was close to the existing constitutional framework.

A spokesman for Bishop Muzorewa said it would be premature to discuss the composition of the Government delegation to the talks.

A spokesman for Mr. Ian Smith's Rhodesian Front, which holds five seats in the 17-member Cabinet, has already suggested that the Government send a delegation representative of all parties in the Government coalition.

Technically this is now Bishop Muzorewa's United African National Council, Mr. Ian Smith's Rhodesian Front, Chief Ndiweni's United National Federal Party, and Mr. Ndabaningi Sithole's ZANU.

However, it is known that several of the parties would prefer to send their own delegations than to be merely part of the Muzorewa delegation. It is therefore likely that individual parties will send their own delegations in addition to the Muzorewa Government party.

There is relief in Salisbury at the British outline, but it is stressed that it is the details of the constitution and of its implementation that really matters, and which could cause stalemate at the conference.

In Lusaka, a Zambian official said the British Government's outline is within the framework agreed at the Commonwealth conference last week.

£ in New York

—	Aug. 13	Previous
Spot	$2.2325-2340	$2.2470-2480
1 month	0.70-0.66 dis	0.54-0.50 dis
3 months	1.71-1.67 dis	1.74-1.70 dis
12 months	5.07-4.97 dis	5.07-4.97 dis

Baffi under pressure to delay his resigna tion

BY PAUL BETTS IN ROME

Dr. Paolo Baffi

THE NEW Italian Government is understood to be putting pressure on Dr. Paolo Baffi, the governor of the Bank of Italy, *not to resign immediately.*

Dr. Baffi, who has worked in the central bank for 43 years and has been governor since 1975, said in May he wanted to resign before *the end of the* year.

There is also a long standing tradition in Italy that when Central Bank governors resign, they leave in the second half of August. This is usually a time *of stability* for the lira and when the invisibles account is swelled by substantial receipts from tourism.

Should Dr. Baffi resign soon, the delicate question of his succession, at a time when seemingly there are moves to undermine the bank's autonomy and prestige, would represent a major problem for the government, which won a confidence vote in Parliament only a few days ago.

A number of names have been proposed for the post whose incumbent, technically at least, is nominated by the bank's *directorate and approved by the* Government.

They include Sig. Bruno Visentini, a Republican, former chairman of Olivetti and Budget Minister in the last Government: Sig. Carlo Ciampi, the central bank director-general; and Sig. Rinaldo Ossola, a former Bank of Italy Director-General and Foreign Trade Minister, who has said he does not want the job.

At the bank's annual meeting in May, Dr. Baffi, who is 67, said it was never his intention to remain in office beyond the turn of the decade. This time limit had been reached with the lira in a strong position.

However, he added at the time that it was opportune to wait until a new government was formed to provide a clearer basis for the choice of his *successor.*

This choice, according to Dr. Baffi, "must be a particularly careful one resting on a broad consensus" in view both of the country's current domestic financial rehabilitation and the initial stages of the construction of a European monetary system (EMS).

After successfuly steering the lira back on to a stable path, *building up reserves of $35.5bn.* and being the effective architect of Italy's smooth entry into the EMS, Dr. Baffi has been increasingly embittered by the so-called *Bank of Italy scandal,* which broke in March.

The affair is widely regarded to be politically motivated. And Dr. Baffi and Sig. Mario Sarcinelli, the bank's joint deputy director-general, are increasingly seen as victims of a particularly unsavoury witch hunt in certain parts of the Press.

Dr. Baffi, himself, faces charges, vigorously denied, of withholding evidence and mismanagement of state funds in connection with judicial investigations into the SIR chemical group, which allegedly received irregular soft loans.

He is understood to have been particularly hurt by the decision of the magistrates to take away his passport earlier *this summer. It was later* returned on a temporary basis to enable him to attend international meetings, but he has to hand it back at the end of this month.

The attack on the bank establishment appears to be aimed at eroding the institution's independence. It comes at a time when *the bank has* been intensifying its supervisory activities over the banking system, uncovering a series of irregular practices.

Dr. Baffi was one of the few prominent personalities to attend the funeral in Milan last month of a magistrate—shot dead by gunmen—who was *involved in the liquidation* proceedings of the Banca Privata Italiana, formerly controlled by Sig. Michele Sindona, the missing Sicilian *financier.*

Bonn sounds out its neighbours on new U.S. missiles

BY JONATHAN CARR IN BONN

A CRUCIAL series of meetings has been started by Herr Hans-Dietrich Genscher, the West *German Foreign Minister,* aimed at testing the readiness of the Benelux states to act as a base for new, U.S.-supplied nuclear missiles capable of striking the *Soviet Union.*

The issue was at the heart of talks here this week between Herr Genscher and Dr. Christoph van der Klaauw, his *Dutch counterpart.* It will be discussed with the Belgian and Luxembourg Foreign Ministers this autumn, well before the December NATO council meet-*ing at which* a decision on modernisation of the alliance's Europe-based nuclear weaponry is intended to be taken.

The Benelux attitude will *greatly* affect West Germany's own decision on whether to permit so-called "Euro-strategic," intermediate range weapons—probably Pershing and Cruise *missiles*—to be placed on its soil.

The Bonn Government wants a counter-balance to the build-up of Soviet nuclear weapons—especially the *SS-20 mobile* missile—which could hit *Western* Europe but not the U.S. These "European theatre" systems have so far played no role in the bilateral strategic arms limitation talks (SALT) *between* Washington and Moscow.

However, West Germany has never harboured nuclear missiles capable of reaching the Soviet Union direct from its soil, and it has made plain it must not be the only NATO country to take on this new burden in future. Britain, under its new Conservative *Government,* is likely to play an important role in the modernisation plan. But Bonn would like at least one other Continental country to join it in accepting new missiles.

If not, Bonn's bilateral efforts to relax tensions with the Warsaw *Pact countries could* be seriously affected. There would also be a political storm at home.

The current strategy, underlined by Herr Genscher during his talks with Dr. van der *Klaauw, is to combine a decision* on NATO arms modernisation with a simultaneous offer to the Soviet Union to negotiate on the intermediate-range weapons.

It is felt that this would place the ball firmly in the Soviet *court and also help* to undermine criticism in Western Europe by those opposed to acceptance of new U.S. nuclear missiles.

The Germans recognise that the issue is at least as sensitive politically in the Benelux countries as it is in the Federal Republic. Thus, no public commitment is expected *at this* stage. A key aim is to avoid any repetition of last year's "neutron bomb" debate, in which domestic argument became so heated as to make almost impossible a political *decision to accept the weapon.*

Finnish industrial output likely to top 5% forecast

BY LANCE KEYWORTH IN HELSINKI

THE IMMEDIATE prospect for the Finnish economy is bright, *according to two recent surveys.* One is the quarterly economic review published by the economic division of the Ministry of Finance, and the *other is the Bank of Finland's* half-yearly investment inquiry addressed to some 800 Finnish companies.

According to the Ministry, the *growth of total production this* year will considerably exceed the 5 per cent forecast in April. Industrial output expanded by 7 per cent in the first half of this *year and is expected to main*tain the same pace into early 1980, supported by the increase in domestic consumption and investment.

The increased propensity to invest is confirmed by the Bank of Finland's inquiry. This is most marked in the forest industry where, if plans materialise, the investment volume will increase by 50 per cent in the current year. The emphasis is on machines and equipment, particularly for replacement and *rationalisation* projects.

Industrial utilisation capacity is estimated at 85 per cent on average for the whole of this year, but some pulp and paper mills are already working at, or *near, full capacity.* Order books are abnormally well filled in the consumer and wood-based *industrial* sectors, and in the metal and engineering *industries* the situation has begun to improve. The visible foreign trade surplus at the end of June was FM 1.35bn (£158m) compared with FM 1.03bn a year earlier.

In spite of soaring oil prices, inflation has been relatively modest—4.7 per cent between December 1978 and last June.

French jobless total over 1.4m

BY DAVID WHITE IN PARIS

THE French Socialist leader, M. Francois Mitterrand, is preparing an attempt to resuscitate the Union of the Left in an atmosphere of intense criticism *of Government economic policy.*

A rise in the July unemploy-*ment figures yesterday provided* further ammunition for the Opposition parties. The number looking for work rose by 0.8 per cent on a seasonally-*adjusted basis to exceed 1.4m,* an increase of 14.6 per cent since July last year.

M. Robert Boulin, Labour Minister, said in newspaper interviews published yesterday that the jobless rate could only get worse if France's economic growth were held down to 3 per cent for the year.

The Socialist Party, seeking *to place itself alongside the* Communists in the battle line, yesterday announced that M. Mitterrand would make specific proposals on Monday for re launching the Socialist-Communist Union of the Left, which broke up before last year's general election.

This union, the party said, "should translate into political terms the union of the labour world." It is by no means certain, however, that the Communists—the first to cash in on *the worsening economic situa*tion and its affect on the workers' pay packets—will respond favourably.

M. Georges Marchais, the *Communist leader,* has given no signs of wanting to re-establish *a joint front at leadership level* for the time being.

Union chiefs, like the Opposition party leaders, are competing for the position of *general in the assault. M. Andre* Bergeron, head of the moderate Force Ouvriere, returned to the attack yesterday and asked the Government to intervene to stop *abnormal price rises such as* have taken place for fruit, vegetables and bread.

Increases in retail prices, public service charges, rents and social security contributions have been the main targets of *the unions' campaign, which has* started during the month when most French workers are on holiday.

To these have been added the row about where the former French merchant flagship France (now rechristened Norway) is to be refitted, *criticism of the authorities'* response to forest fire damage in the south, and yesterday's confirmation of a steady deterioration in the unemployment situation.

The National Employment *Agency* said the July figures—which in unadjusted terms showed a 1.9 per cent rise over June to 1.26m—reflected the large number of young people *arriving on the market.*

There was a slight increase, *however, in the number of jobs* on offer, while redundancies dropped from 32,300 in June to 31,100.

Swiss trade gap widens in July

Switzerland's trade deficit widened to SwFr 586m (£158m) in July, from a revised SwFr 78.5m in June, according to the Federal Customs Office, Reuter reports from Berne. Switzerland had a SwFr 37.6m surplus in July last year.

Imports in July were valued at SwFr 4.2bn, compared with SwFr 3.92bn in June and SwRr 3.3bn in July last year, *while exports were valued at* SwFr 3.63bn, compared with SwFr 3.84bn and SwFr 3.34bn respectively.

In the first seven months of this year, the deficit rose to SwFr 2.18bn from SwFr 788m *in the same period a year ago,* with imports up to SwFr 27.15bn from SwFr 24.99bn, and exports at SwFr 24.97bn, compared with SwFr 24.2bn.

Fires under control

France's worst forest fires for many years appeared well under control yesterday, as firemen and troops guarded *against fresh outbreaks fanned* by a capricious Mistral wind, Reuter reports from St. Tropez. The five-day battle was fought by over 3,000 fire-fighters, helped by plastic water bombs dropped from helicopters and *water-carrying Canadair* aircraft. More than 10,000 hectares of forest in southern France has been devoured.

Gibraltar resignation

Mr. Maurice Xiberras, Gibraltar's Opposition leader has resigned all his political appointments, our Gibraltar correspondent writes.

A staunch supporter of a British Gibraltar, he was leader of the Democratic Party of British Gibraltar and previously of the new-defunct Integration with Britain Party. Mr. Xiberras said he was resigning *for personal reasons.* The new party leader is Mr. Peter Isola.

International safety rules for nuclear reactors urged

BY ROGER BOYES IN BONN

THE West German Chancellor, Herr Helmut *Schmidt,* and Herr Volker Hauff, the Research and Technology Minister, have called for greater efforts to establish internationally binding safety standards for nuclear reactors.

Their *appeals underline* Bonn's concern for a strict international nuclear code, if only to reassure West Germans about the relative safety of atomic power.

Herr Schmidt's appeal came *in a written message* to the fifth International Reactor Congress in Berlin.

Herr Hauff, in a news conference in Bonn, stressed that the effects of *nuclear accidents* could easily cross national boundaries, making international controls indispensable.

He was speaking at the presentation of the first West German analysis of the risks of a nuclear reactor accident and its probable consequences. Compiled by the Cologne-based Society for Reactor Safety under the auspices of the Technology Ministry, the report says that every 10,000 years a plant could expect one reactor meltdown.

Professor Adolf Birkhofer, who supervised the project, estimates, however, that given adequate safety precautions, only one in a 100 of these meltdowns would lead to an *accident.*

As a "worst case" example, a reactor accident would cause 14,000 immediate deaths in an area of 20 kilometres around the plant and the eventual death through radiation-induced *disease of a further* 104,000 over a period of 30 years.

Prof. Birkhofer stressed that the probability of this occurring was extremely low.

The report has some serious technical and methodological shortcomings. The effect of ageing on reactors does not appear to have been dealt *with* and the report admits that the human error component is almost impossible to quantify.

Spain terror suspect shot

BY ROBERT GRAHAM IN MADRID

POLICE HAVE shot dead a youth wanted in connection with acts of terrorism, includ-*ing planting a bomb in a Madrid* cafe that killed eight people last May. Police claimed that the youth, Sr. Pedro Tabernera Perez, was a member of the shadow left-wing urban guerrilla group, GRAPO (which stands for First of October Anti-Fascist Movement).

Sr. Tabernera was killed at El Escorial, some 20 miles north of Madrid. According to police, he was shot after failing to stop when challenged. There *was no mention of whether he* was armed.

On July 16 the Ministry of the Interior released a list of 11 people alleged to be members of GRAPO, and announced rewards ranging from Pta 2m to Pta *300,000 (£14,285* to £2,140) for information leading to their arrest.

A reward of Pta 1m (£7,140) was offered for information leading to Sr. Tabernera's capture. Nine days later two key persons on the list were arrested in Madrid. A senior police *spokesman* said they had admitted their participation in the bomb attack on the Madrid cafe, which was frequented by members of the extreme right.

On Monday police arrested another alleged member of GRAPO, although his capture was announced only yesterday.

Paul Lendvai reports from Budapest on Romania's open confrontation with the Kremlin

Defiance over spending shocks E. Europe

ROMANIA'S PUBLIC *defiance* of the Kremlin over military spending has sent shock waves through Eastern Europe, already caught in its *most severe economic crisis since the* Stalin era.

Nervous about the consequences of large-scale price increases and an energy squeeze, East European governments are worried about the *impact of Romanian President* Nicolae Ceausescu's call for a cut in military spending.

What will be the response of crumbling Hungarian, Polish, *Czechoslovak or East German* consumers when they hear from Western broadcasts about Romania's refusal to go "beyond the limit which has already *been reached*" in arms spending which represents a heavy burden for them, too?

Mr. Ceausescu's *speech* before 60,000 miners is the sharpest public criticism of the Warsaw Pact's defence strategy since November's stormy summit meeting of the organisation in Moscow. Following that clash, the Romanian leader took an outspokenly independent line, refusing to accept any increase in military spending or any involvement in the Vietnam-China conflict. He also effectively vetoed closer command integration within the Pact.

Without mentioning him by name, President Leonid Brezhnev labelled Mr. Ceausescu a "demagogue." But the Soviet leadership has refrained from applying strong-arm methods to its rebellious ally.

Why then has Mr. Ceausescu decided to reopen the quarrel only a week after a lightening visit to the Crimea, where he *had "frank and comradely"*—that is, not exactly friendly—talks with Mr. Brezhnev? East European observers point to three important factors.

First, faced with *a* serious economic situation at home, Mr. Ceausescu has resorted to the traditional Romanian ploy of blaming Soviet pressures, including military expenditures, for the inadequate resources.

Warsaw Pact diplomats, however, point out that Romania's per capita military spending is *only a half to a third of that of the other member states. In* terms of the GNP percentages, Romania's military spending according to Western statistics, amount to 1.8 per cent, between *a sixth and a seventh of the* Soviet percentage.

Nevertheless, the Romanian leader *for the first time since* last November has now directly linked the rejection of higher arms spending with the domestic *economic situation.*

A second reason for Mr. Ceausescu's action, and one which has been raised by *within the Soviet-dominated* Warsaw Pact.

But although the country has 1,500 *miles* of common borders with the Soviet Union, Hungary and Bulgaria, and relies on a 140,000-strong army with increasingly obsolete Soviet-made equipment, Mr. Ceausescu knows that short of an open invasion, Moscow cannot contain his independent course.

He has also been active diplomatically in the Middle East recently (Romania maintains diplomatic ties with

Mr. Ceausescu's speech is the sharpest public criticism of the Warsaw Pact's defence strategy since November's stormy summit meeting in Moscow.

speakers at closed party meetings in Romania, is the alleged Soviet refusal to supply *Romania with crude oil. Badly* hit by the loss of Iranian deliveries, Romania has lately tried several times to obtain Soviet oil to bridge the gap *between its falling* output (13.7m tons last year) and domestic demand. This last includes supplies for a large petrochemical industry.

According to knowledgeable people in Budapest, the Soviet Union reminded the Romanians that, years ago, Bucharest haughtily refused Soviet offers *of* crude and assistance in nuclear engineering. Romania has now been told it is "too late" to change "historically developed export priorities."

Last but not least, Mr. Ceausescu, now in Damascus, is trying to forge closer contacts *with non-aligned movement,* and clearly wants to underline his impeccable credentials as a fully independent operator on the eve of the forthcoming non-aligned summit meeting at Havana, Cuba.

Romania, since June 1958, has been the only East bloc country where neither Soviet troops nor even Soviet advisers are stationed. Apart from taking part in "map exercises" at staff officer level, the Romanians have for some 15 years remained aloof from military integration Israel) and has taken an independent stance in the Sino-Soviet conflict.

The new challenges to Moscow have come at a time when Romania is already embroiled in an unprecedented public row with its Comecon partners as a result of its refusal to admit East bloc motorists unable to produce petrol coupons paid in hard currency or "equivalent form."

The fuel and travel restrictions imposed by Romania at midnight on August 1, at the height of the tourist season, caused scenes of chaos at Romanian border crossing points, primarily along the 270 mile frontier with Hungary. *The Romanian decree produced* an immediate verbal clash with East Germany, Poland and neighbouring states which talks at the weekend failed to resolve. The facade of the Eastern bloc's much-publicised "proletarian internationalism" has been badly dented, and the row has demonstrated that, faced with the world fuel crisis, the "fraternal" countries can behave with as much self-interest as anyone in the West.

Citizens of Communist-ruled countries cannot leave their countries without special exit permits and even when going to other eastern bloc countries, travellers are restricted in the *amount of local currency they* can take with them. One of the great achievements of the last decade has been the easing of travel, at least within the bloc.

Millions of tourists have travelled on *the basis of* agreements concluded between the East European states and their official tourist agencies. With the growth in car ownership, more and more Czechoslovaks, Poles and East Germans drive on *their summer holidays to the* Black Sea Coasts of Romania and Bulgaria.

The eastern bloc countries have not reached an intra-bloc convertibility of their national currencies, let alone vis-a-vis *the West. The crucial point,* however, is that none of the Comecon countries allows its citizens to take out of the country (*in many cases even to possess*) hard currency. In view of prevailing unrealistic exchange rates and the cumbersome restrictions in Eastern Europe, there is inevitably *flourishing* black market speculation and a kind of barter trade.

When the Romanian decree entered into force on August 1, some 4,000 East German, Czechoslovak and Polish cars were approaching the various Hungarian-Romanian border points. Within hours, the main frontier stations at Biharkeresztesartand and at Nagylak were blocked by thousands of stranded motorists. The same restrictions were applied at the *Yugoslav-Romanian and the* Bulgarian-Romanian borders.

For the communist regimes, a major political problem has also arisen: the dream of a Black Sea holiday has helped to defuse the pent up resentments of Germans, Czechoslovaks and Poles who can travel so rarely to the West. *Another complication for them* was that those who had booked in Bulgaria could only get there via free-wheeling Yugoslavia which has practically open frontiers with such dangerous capitalist neighbours as Austria, Italy and Greece.

The row between Romania and other *members of the* eastern bloc has caused not only havoc in tourist traffic but has also showed up the weaknesses of Comecon as an economic organisation. As a Hungarian economist put it: "August 1 will go into the annals as *the day* when Romania decided to make the U.S. dollar officially into the real common currency of our community and to show the *whole world that the Romanian* lei, Hungarian forint and Polish zloty are good only for statistical purposes."

Discounting hasty compromises, the "petrol war" poses long-term economic problems *for Romania itself. Hungary has* now retaliated. Its introduction of payment in hard currency by Romanian lorries and buses in transit could cause serious harm *to Romania's farm exports to* the West. The future of Romanian Black Sea hotels, built and operated for East Europeans, must be under a cloud, once the inter-State *agreements are* revised.

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Opposition says Israel is near economic collapse

BY DAVID LENNON IN TEL AVIV

ISRAEL is on the verge of economic collapse, according to a leading economic spokesman for the opposition Labour Party.

Mr. Gad Yaacobi, chairman of the Knesset's Economic Committee, said at a party press conference yesterday that an accelerating inflation rate, which is nearly 100 per cent, a worsening balance-of-payments gap and a frightening increase in the national debt were leading the country towards deep crisis.

Mr. Yaacobi, who was Transport Minister in the previous Government, said that one of the most serious aspects of the situation was the Government's use of new loans to make interest and capital repayments on previous loans. This year the cost of debt servicing would be greater than all the foreign aid which the country would receive.

"This is creating dangerous dependence on the Americans, which threatens to limit Israel's freedom of action and decision-making in security and foreign affairs," Mr. Yaacobi said.

In the two years of the Begin Government, the deficit in the trade balance had grown by $1.8bn. Mr. Yaacobi attributed this to a drop in the profitability of exports, a rapid rise in production costs because of galloping inflation and an increase in imports for public and private consumption, which cost more because of inflation overseas.

He attacked the Government for its inability to control the economy and said that it would take the Labour Party at least two years to restore it. The expected economic collapse would cause recession and unemployment, which would intensify Israel's social and economic gaps.

Mr. Moshe Dayan, the Foreign Minister, has submitted a formal protest to Washington over the meeting between Mr. Andrew Young, the U.S. ambassador at the UN, and the Palestine Liberation Organisation's representative at that body. Mr. Dayan said the meeting contravened U.S. undertakings that it would not negotiate with the PLO until the organisation recognised Israel.

India flood deaths may total 15,000

The death toll in floods caused by a burst dam in the western Indian industrial town of Morvi could reach 15,000, according to Mr. Vallabhai Patel, vice-president of the ruling Janata Party in Gujara State, Reuter reports from New Delhi.

On the Bangladesh border, Indian troops stood by to prevent a threatened march by about 50,000 non-Bengali Moslems, stranded in Bangladesh since it broke from Pakistan in 1971.

Awolowo leads

Chief Obafemi Awolowo was said by Lagos Radio to be leading in the Nigerian Presidential elections with 4.5m votes, Reuter reports from Abidjan. More than 45m Nigerians went to the polls on Saturday to elect a President from five candidates.

N. Africa accord

Algeria and Mauritania are to resume diplomatic relations after three years of conflict over the Western Sahara, Reuter reports from Algiers. Ten days ago Mauritania signed a peace agreement with the Algerian-backed Polisario Front, which is fighting for an independent Western Sahara.

Army and Militias clash in renewed Beirut fighting

BY IHSAN HIJAZI IN BEIRUT

UNITS of the Lebanese Regular Army and Christian Militias clashed in Beirut yesterday for the second successive day. Overnight the Militias fought artillery and machine gun duels with Syrian troops of the Arab League Deterrent Force in the demolished commercial sector of the capital.

There were no immediate reports of casualties in the latest clashes, but three Militiamen were killed and five wounded on Monday in fighting with the Army at the intersection separating Moslem west and Christian east Beirut and in the mountains.

Militiamen have cut off the main highway linking Beirut with the northern port of Tripoli in protest against the killing of their three comrades.

The renewed fighting, in the port area, was over which sectors the Army should control and which should be dominated by the Militias.

HK bid to cut trade gap

BY PHILIP BOWRING IN HONG KONG

HONG KONG's economy has begun the badly-needed adjustment to shift growth back to exports from the domestic sector, according to the Government's mid-year review.

Domestic demand has been outstripping export growth since 1976, leading to a widening visible trade deficit, which reached HK$9.1bn (£788m) last year.

But if the change to a lower deficit, less rapid money growth, a more stable currency, and a lower inflation rate is to be made, the impetus may have to come from a sharp reduction in domestic demand.

Exports in the first six months grew by 34 per cent, more vigorously than expected, even allowing for a fall of about 10 per cent in the value of the Hong Kong dollar since the first half of 1978.

Exports grew by 17 per cent in volume, but import demand continued strong, so that even though total exports continued to expand slighly faster than imports in percentage terms, the trade deficit widened — to HK$5.9bn in the first half.

Export growth in the second half will be slower, the survey suggests. It notes that the growth of imports of raw and intermediate materials has decelerated.

SOUTH AFRICA'S LINKS WITH ITS NEIGHBOURS

Economic plight outweighs political aversion

BY QUENTIN PEEL IN JOHANNESBURG

IF ONE country in Africa can be said to have benefited from the war in Rhodesia, it is South Africa. Not only has the international imposition of sanctions been a major bonus for the republic's trade with Rhodesia, but the war has equally increased the reliance of all Rhodesia's neighbouring black states on the relative economic wealth of the white south.

Zambia is probably the most extreme case of a country forced to depend more and more heavily for its supplies on a regime it abhors.

The Commonwealth conference provided a string of embarrassing examples. The red carpet on to which Queen Elizabeth stepped when she arrived in Lusaka was made in Natal, South Africa. Apart from such necessities as maize and wheat coming either from or through South Africa, the shops in the Zambian capital were for once well stocked with such items as Granny Smith apples from the Cape, and hugely expensive South African alcohol.

The growing dependence of Zambia on South Africa, both for its communications and supplies, and to a lesser extent that of most of the other black states in southern and central Africa, provides a new urgency for them to seek a solution in Rhodesia. Significantly the front-line states—Angola, Botswana, Mozambique, Tanzania, Zambia—and South Africa have simultaneously revived the idea of regional co-operation.

The difference is that Mr. P. W. Botha, the South African Prime Minister, sees it as a South Africa-centred "constellation of states," whereas the front-line concept is of an alliance aimed at the exclusion of South Africa, and the reduction of their own dependence on Pretoria.

However there is a growing temptation in South Africa to use its economic muscle to win an attractive (and sympathetic) political solution in the region. It is a strategy which could well prove counter-productive. But equally the efforts of the front-line states to reduce their dependence seem to be doomed.

In several key areas the black states of southern Africa are more dependent on South Africa today for economic survival than they were in the past.

Transport is the most glaring example. The southern railway route, from Zambia, across the Victoria Falls and south through Rhodesia and South Africa, carries almost 46 per cent of all the external trade of Zambia and Zaire's Shaba province, a two-way traffic totalling some 109,000 tonnes a month.

The commodities carried are fundamental to the well-being of those countries: copper exports, in each case the principal source of foreign exchange, and imports of basic foodstuffs, coal and coke for Zaire (much of it actually bought from Rhodesia), and fertiliser, mining equipment and lubricants for Zambia.

Three factors have made the southern route so important. The closure of the Rhodesia-Mozambique border cut the rail route to Beira. The Angolan civil war cut the Benguela railway line, which had been the major copper export route.

Finally Tazara, the Chinese-built railway from Zambia to the Tanzanian port of Dar-es-Salaam, has been crippled by shortages of spares and repair skills.

Road routes are unable to compensate for the shortage of rail capacity. Inadequate maintenance has played havoc with the road service to Dar-Es-Salaam. The other road link, from Zambia to Moatize in Mozambique and thence to Beira, suffers the additional hazard of attacks by Rhodesian-backed anti-Frelimo guerrillas. And the road route via the Kazangula Ferry to Botswana has been severed since the Rhodesians bombed the ferry.

Zambia's desperation, which last June almost forced her to reopen the road routes through Rhodesia in addition to the rail route, was highlighted by the arival in Johannesburg last week of a Zambian Airways freighter —for the first time since independence—to collect a load of food supplies, machinery and spare parts for the mines, as well as several luxury cars. It is understood that a regular air freight service from Johannesburg, operating up to five times a week, is already running to Lusaka in an unmarked aircraft.

South African hauliers estimate that Zambia imports between 50 and 60 per cent of its requirements from South Africa.

Mr. Piet Botha, South Africa's Prime Minister.

Moreover, in recent weeks the southern route to East London has been the only one carrying copper, because Dar-Es-Salaam has been hopelessly congested since the Uganda war.

Neighbouring Malawi has steadily increased its consumption of South African imports to about 35 per cent. Mozambique also, although still far short of its consumption in the days of Portuguese rule, is another growing customer.

The growing network of regional power links provides a fascinating example of the growth of interdependence in spite of political aversion and of poltical antipathy outweighing economic considerations, but more of the former than the latter. The Kariba hydro-electric power scheme on the Zambesi border of Zambia and Rhodesia has continued to function, providing electricity to both countries despite the worsening war.

The Cabora Bassa scheme, also on the Zambesi but in Northern Mozambique, is an illustration of that country's pragmatism in persisting with projects conceived under colonial rule. Since June, the five generators there have been pumping 1,450 MW of power into the South African grid through a 1,400 km power line, with the scheme in full operation.

The other area of interdependence, the recruitment of migrant labourers to work in South African mines, provides South Africa with cheap labour, and her neighbours and near neighbours with jobs and foreign exchange.

There is undoubtedly considerable temptation for South Africa to use her economic power for political ends. "South Africa has done enough now to demonstrate its goodwill," says one leading South African trader. "Now it should be trying to change the nature of the dialogue." Such a thought would also seem to be behind Mr. Botha's commitment to the creation of a Southern African Constellation of States with a common opposition to Marxism. It is contrary to the hitherto low-key South African approach.

As for the front-line states, their prospects of reducing their dependence on South Africa seem increasingly slim. On the one hand, there seems little prospect of reopening the Benguela Railway until the dissident Unita guerrillas in Angola are defeated, and thus are prevented from sabotaging the line.

Zambian sources are deeply pessimistic, in spite of a £40m aid plan for the line, proposed to the European Economic Community in June. Nor is there much prospect for improving the efficiency of the Tazara railway, which already this year has been closed by a strike and by washaways. Zambian Railways is now borrowing 12 South African locomotives to keep its traffic moving.

The most helpful developments for the black states would be for settlements to be achieved in Namibia and Rhodesia. The former could help the Luanda Government finally to defeat Unita, by cutting the guerrillas off from their South African supply lines, and thus help to reopen Benguela.

In the longer term, it could also open up the possibility of a new rail route from Botswana west to Gobabis, and thence to Walvis Bay, thereby reducing the strategic importance of the rail route through South Africa.

A Rhodesian settlement would open up the Mozambique rail routes, although they would need a massive aid programme to achieve their former traffic capacity. It would also provide an alternative to South Africa as a supplier of food and manufactured goods, if the economy is not ruined by the war. Both settlements would enable black Southern Africa to become more self-sufficient, and less reliant on the white south.

Even then, there is little prospect of South Africa's economic and infrastructural pre-eminence disappearing. The Republic retains a fundamental advantage in its harbour capacity, for example, boasting seven out of 15 African harbours south of the Equator.

But South Africa could jeopardise her own position if she were to use her economic muscle. Any such overt move would give the front-line states well-nigh irresistible ammunition for the widest measure of international support in their search for self-sufficiency, and would probably result in UN condemnation as a threat to international peace, the legal prelude to sanctions.

AMERICAN NEWS

Speculation over rise in interest rates

U.S. business inventories increase

BY STEWART FLEMING IN NEW-YORK

THE COMMERCE DEPARTMENT yesterday reported another worrying increase in business inventories, amid fears of a further rise in short-term interest rates.

In June business inventories swelled by a seasonally adjusted 1.3 per cent following increases of 1.4 per cent and 1.1 per cent in April and May.

A build-up of stocks often accompanies a slow-down in the economy as businessmen find final sales slowing. A factor in the second quarter increases has been weakening retail demand for cars and stores sales.

Retail sales in both May and June dipped slightly, although figures published on Monday by the Commerce Department showed a modest recovery last month.

Economists have feared that a build-up in business inventories might result in a sharper cutback in production plans, as companies moved to change stock levels at a time when a recession is forecast.

Another factor which will be causing anxiety among businessmen is the high cost of financing stocks. Over the past few days short-term interest rates in the U.S. money markets have been rising and there are expectations of a further increase to 12 per cent in the commercial banks' prime lending rate.

The markets are watching closely the operations of the Federal Reserve Board, whose monetary policy arm, the Open Market Committee, was meeting yesterday for the first time under Mr. Paul Volcker, its new chairman.

Some analysts are predicting that the Fed will move to tighten credit through raising its target interest rate on federal funds. It is argued that the continued high rate of inflation and rapid growth of the money supply, coupled with concern about the dollar, will press the Fed in this direction.

If the Central Bank does act, then a rise in the prime to 12 per cent becomes even more likely.

Netto chosen as Brazil's planning minister

By Diana Smith in Brasilia

SR. DELFIM NETTO, Treasury Minister in the 1968-1974 Government, was officially appointed Planning Minister of Brazil yesterday. Sr. Netto replaces Sr. Mario Simonsen, who resigned last Friday. A confirmed monetarist, Sr. Simonsen received scant cooperation from his Cabinet colleagues, especially over wages which he wanted to hold down, and cuts in Government spending which other Ministers refused to implement.

Sr. Simonsen came under fire during his five-year tenure as Finance Minister: when he took over, inflation was 15 per cent, but had risen to 40 per cent when he went to the Planning Ministry in March this year. He appeared out of step with the new Government's desire to find a popular base of support among lower wage earners and to avoid recession and high unemployment.

Anathema

Sr. Netto is a devout "developer." Recession is anathema to him. Indeed, it was during his tenure as planning Minister that Brazil's "economic miracle" came to fruition.

After the announcement of his appointment yesterday, Sr. Netto said: "From now on we must achieve rapid development while trying to live with tolerable inflation." Sr. Netto also wants greatly to increase Brazil's manufactured exports, and to give absolute priority to agriculture.

If necessary to hold down inflation, he wants to fix interest rates which were liberated in 1976 and are now moving towards 60 per cent.

Sr. Netto shares this view with Sr. Karlos Rischbieter, the Finance Minister, who was picked by Sr. Simonsen but soon began to diverge in views from his former patron. As Agriculture Minister in this Government Sr. Netto fell foul of Sr. Simonsen when he demanded massive funds for small and medium farmers.

Ship transfer to Turkey blocked

WASHINGTON — The U.S. navy has held up the transfer of four warships to Turkey at the request of a member of the House of Representatives Armed Services Committee, the congressman concerned said yesterday.

Mr. Les Aspin, a Wisconsin Democrat, said he had asked for indefinite postponement of the leasing of three destroyers and a salvage ship because of slow progress on Cyprus peace talks and Turkish delays on an exchange of prisoners in U.S. and Turkish jails.

Any member of the Armed Services Committee can hold up the transfer of U.S. warships to another country, he said, adding that a constituent of his has been in a Turkish jail since December, 1972, on drug charges. She is one of five Americans being held.

"If the Turkish Government intends to sit for ever on the (prisoner) treaty, I can sit for ever on the ship transfers," Mr. Aspin said.

The Turkish Government delayed signing the prisoner exchange treaty for five months after its completion in January, he said, while there was a prospect of further delays before ratification by the Turkish Parliament.

It was a year since the U.S. Congress had lifted the arms embargo on Turkey after being told by the Carter Administration it would speed the Cyprus peace talks, he noted.

"At the moment I have a number of questions regarding Cyprus and the prisoner exchange treaty. If I get reasonable answers, I will lift the hold on the transfers," he said.

Reuter

Winds could blow oil slick ashore

CORPUS CHRISTI — The first significant traces of oil from the runaway Mexican well blow-out have island beaches off Texas, and officials said that high winds could blow more ashore.

About 2m barrels of crude have spilled into the Gulf of Mexico since the Ixtoc well exploded on June 3 and ti is now the world's largest oil leak to date. Officials had been optimistic about the environmental impact, but high winds are expected within 24 hours and a United States Navy spokesman said that the latest news was discouraging.

A patch of oil hit an isolated area on Barrier Island yesterday, about 25 miles south-east of Corpus Christi and several miles north of the heavily-populated resort area of South Padre Island.

To date Padre Island has suffered little from the Ixtoc blow out which occurred near Tampico, Mexico, about 240 miles south of the U.S. border.

But the spokesman said there was renewed concern about the beaches in South Padre Island, where thick oil had been spotted about 10 miles off the coast.

Further south, there was another slick more than eight miles long. A third, 25 miles south of Corpus Christi, was 37 miles long by two miles wide.

"These are the largest concentrations we have found to date. Hopefully they will do the same as the concentrations we found earlier in the week . . . break up and dissipate," he said.

Reuter

Bill for troops shocks Bermuda

BY KEITH HUNT IN BERMUDA

THE Bermuda Government has sent a delegation to London to query a Bda$1.7m (£760,000) bill for calling in British troops during the December, 1977, riots.

The British colony is seeking a Bda$500,000 reduction in the bill for the 230 soldiers, who were ultimately required only to guard vital installations during their two-week stay.

The troops were called in when three days of rioting followed the hanging of two men after the murder of the Governor. By the time the troops arrived, peace had been restored, and they were hardly required to leave their barracks.

The bill came as a shock to Mr. David Gibbons, Bermuda's Prime Minister, who is now in London to challenge the figure.

He is accompanied by Mr. Cyril Rance, the Parliamentary Secretary for Finance; Dr. John Stubbs, Parliamentary Secretary to the Prime Minister's Office; and Col. Donald Pudney, Administrative Officer of the Defence Board. They are meeting officials of the Foreign Office and the Ministry of Defence.

When the cost of sending in the troops was debated in Bermuda's House of Assembly (Parliament) soon after the riots, the Foreign Office estimated the cost as Bda$1.2m.

When the final bill arrived, however, the Government found that it was Bda$500,000 more. The island is concerned that it is being charged for two or three days some troops spent in Canada after leaving Bermuda. A charge is also believed to have been made for sending aircraft from Britain to Belize to airlift the troops to Bermuda, when the aircraft are believed to have flown from Washington. Another complaint is that cheaper aircraft could have been used.

Guyana paper starved of newsprint

BY MUHAMAD HAMALUDIN IN GEORGETOWN

A ROW between the Government and the Opposition over Press freedom in Guyana appears to be coming to a head with the announcement by the leading anti-Government newspaper, the Mirror, that it will close later this week for want of newsprint normally supplied by the Government-owned Press.

The announcement came just before the police raided the offices of the extreme Left, Vanguard Party, publishers of a biting anti-Government newssheet which changes its name with each weekly issue to avoid breaking the publication laws.

In another raid, police swooped on the headquarters of a militant anti-Government union, the National Association of Agricultural, Commercial and Industrial Employees. In both cases, printing equipment was seized.

Opposition spokesmen claim that the Government is cracking down on the Press in view of heightened political tension and have called for a boycott of the Government-related Guyana Chronicle, Sunday Chronicle, and New Nation newspapers.

The dispute with the Mirror started eight years ago when newsprint, printing equipment and printing materials were included in a list of items for which import licences were required. The Mirror challenged constitutionality of the import licence requirement but lost on appeal.

Fed proposes new rules on margins

WASHINGTON — The Federal Reserve Board has proposed that stock market specialists and options market makers be able to use securities issued by the U.S. Government and its agencies as collateral in their specialist accounts.

The proposed revision of its regulation "T" covering margin requirements for brokers and dealers has been proposed for public comment.

The Fed also proposed that creditors extending credit to a specialist's joint account need no longer participate in that account.

Members of a National Securities Association would be permitted to receive preferential credit for market making transactions if the Securities and Exchange Commission should determine that they perform the functions of specialists.

Reuter

Caracas industrial plan delayed

BY KIM FUAD IN CARACAS

VENEZUELA'S efforts to transform its California-sized Guayana region into a tropical Ruhr through accelerated industrialisation are running behind schedule and well over original cost estimates owing to mismanagement and other problems, according to Dr. Leopoldo Diaz Bruzual, the Government investment director.

He indicated that the new Social Christian Copei administration would take steps to modify agreements established with foreign partners by the previous Government.

Eight major industrial projects in the Guayana region, south of the Orinoco River, where the State has funnelled over $10bn since 1974 has a cost overrun of about $2.8bn, Dr. Diaz Bruzual said. Moreover, a number of the companies involved have shown losses totalling around $145m.

Dr. Diaz Bruzual, who presides over the Venezuelan Investment Fund, a Government-owned financial institute which administers surplus oil income, was sharply critical of Venezuela's U.S., European and Japanese partners in the Guayana projects. He accused them of inefficient management and failure to transfer the technology that Venezuela requires for developing non-petroleum industry.

"In general, with some slight variations, these foreign investments have not been beneficial for the Republic," he said.

Dr. Diaz Bruzual said that Reynolds International's 50 per cent holding in Alcasa, a joint aluminium production company operating in Guyana for over a decade, would be reduced and management of the firm taken over by the state. Plans to expand Alcasa's capacity from 50,000 to 120,000 tons per year were 21 months behind schedule, original costs had risen from $175m to over $275m and the company has reportedly been losing money for over a year.

Venalum, a joint Venezuelan-Japanese $500m aluminium project with an eventual goal of 280,000 tons yearly, is running 47 per cent over original cost. Moreover, under generous terms given the Japanese — Showa Denko, Kobe Steel, Sumitomo, Mitsubishi and Marubeni — which hold a 20 per cent stake, Venezuela supplies 160,000 tons yearly for export with a 6 per cent reduction c.i.f. Japan yhich mean Venezuela pays the transport costs, according to Dr. Diaz Bruzual.

Venezuela's French partner, Bozel, which holds a 50 per cent stake in Venbozel, a ferro-silicon plant, was also criticised. Venbozel, Dr. Diaz Bruzual said, was on the verge of bankruptcy, had failed to reach 50 per cent of production goals and owed French banks over $40m.

In addition to joint project problems, the totally state-owned steel mill, Sidor, has seen the cost of expansion from 1.2m to 5m tons per year rise by $1bn over original estimates of around $4bn. Moreover, due to technical and labour problems caused by expansion, Sidor's original installations have dropped in productivity and the company lost $45m last year.

Earlier this year, a group of Venezuelan engineers reported that expansion of the Raul Leoni dam, which will supply cheap electric power from the Caroni river for aluminium and steel production, was running almost three years behind schedule. They said that a Brazilian - Venezuelan group, Brasven, handling the $1.1bn civil engineering of the $2.2bn dam was responsible for the delay. Official spokesmen, however, have termed the claims exaggerated and say that construction is still on schedule.

Under original plans, industrial development of Guayana's enormous iron, bauxite and hydroelectric potential was expected to produce export income of around $7bn by the end of this century. The new administration, however, has said that it plans to fully evaluate industrial projects undertaken, investing only in areas where returns justify major outlays.

WORLD TRADE NEWS

Britain wins Burma fishing deal

By Lorne Barling

BRITAIN IS to supply Burma with a fleet of fishing boats, a complete fish processing factory and related equipment under a $23m (£10m) deal negotiated by the London-based Dashwood Finance Company.

The contract is the largest ever signed between Burma and the UK, and is expected to be worth more than $30m when invisible earnings are included.

The Export Credits Guarantee Department has guaranteed the funding and repayment of a $17m loan which Hill Samuel, acting on its own behalf and for Midland Bank, has made available to the People's Pearl and Fishing Corporation of Burma.

A total of 22 fishing boats, made of glass-fibre reinforced plastic, will be supplied by Dashwood and manufactured in Britain, although they may be assembled abroad from kits.

The fish processing factory, including a cold store, will be built by Gleeson (Construction) of Scarborough and a 100-ton front ramped ferry will be built in the UK by Fred Olsen.

The vessels will be State-owned and their catches, together with fish caught by local fishermen, will be processed and exported. The package will also include 40 outboard motors for the fishermen.

The fish processing factory, worth approximately $10.5m, will include blast freezers, cold storage, a chill store with a capacity of 1,200 tons and an ice-making plant. Commissioning is scheduled for late 1980.

The chairman of Dashwood Finance, Sirdar Aly Aziz, said he hoped this would be the first of many contracts between Britain and Burma, which was becoming more international in its outlook.

Holland to act against boycott

By Charles Batchelor in Amsterdam

THE DUTCH Government intends to tighten up legislation aimed at preventing companies discriminating against Israel or Jewish employees under pressure from Arab customers.

A Parliamentary Commission reported in February that the Netherlands co-operated extensively with discriminatory trading conditions laid down by Arab countries as part of their boycott of Israel.

The measures proposed by the Government in a letter to the Commission have been rejected by some of its members and by pro-Israeli groups in the Netherlands as inadequate.

The Government intends to outlaw the issuing by companies of declarations that none of their employees working in Arab countries is a Jew. It also intends to set up another independent commission to monitor the impact of the Arab boycott on the Netherlands.

Companies doing business in the Middle East will be reminded of the anti-discrimination laws by the Ministry of Economic Affairs. The Government is also considering requiring companies confronted with Arab boycott measures to report this to the Dutch authorities.

It also intends to remove a clause in policies granted by the Netherlands Credit insurance company, which allows the company to refuse to meet claims if payment is refused on the grounds that the boycott conditions were not met. This clause is said to give the impression that the company and indirectly the Government, support the Arab boycott.

Japan and EEC to hold conference on co-operation

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

A CONFERENCE of Japanese and EEC Commission officials will be held this autumn in Tokyo to discuss technical and industrial collaboration between Japan and the Community, according to the Minister of International Trade and Industry. The conference will be the first of its kind. A precise list of projects has yet to be drawn up but it is thought that the areas to be considered may include aircraft development, electronics and joint tenders for plant contracts in third countries. The scope for EEC-Japan collaboration in technology or in the joint manufacture of sophisticated products is thought to be very large but the field has, as yet, hardly been explored.

Examples of existing (or planned) tie-ups include the Honda-BL co-operation agreement, a possible collaboration programme between Rolls-Royce and Japanese aircraft engine manufacturers and a joint venture for building helicopters (Kawasaki Heavy Industries and Messerschmidt Balkan Blohm of West Germany.

Apart from its obvious practical merits the rationale for technical collaboration between Japan and the EEC is that it may serve to diversify the relationship between Japan and Europe away from the heavy emphasis on bilateral trade.

Japan claims to have proposed the idea at the last session of high-level talks between Japanese and EEC Commission bureaucrats in Tokyo during May. Following this meeting Viscount Davignon, the EEC's Commissioner for Industry, visited Tokyo for preliminary discussions. The autumn conference will be a follow-up to these two rounds of discussions.

Japanese officials say that the UK and the Benelux countries are at the moment showing the most interest in their proposals. They expect talks on technology collaboration to proceed at government as well as commission level, at least as far as these countries are concerned. A preliminary exploration of the scope for technical collaboration with the UK was made when the Minister for International Trade and Industry, Mr. Masumi Esaki, visited London in May.

Tariffs plan for China

BY RICHARD HANSON IN TOKYO

JAPAN IS considering application of preferential tariff rates on imports from China from the next fiscal year which begins in April, following the lead of other countries which already have or are planning to do so.

According to the Finance Ministry, studies are now underway on how the system may have to be changed to accommodate the inclusion of China.

There is concern that imports from China could exclude similar products from other South East Asian countries if they are given special treatment. Steps will also probably be necessary to prevent damage to domestic industries.

Japan recognises 145 countries for special tariff treatment. There are 75 agricultural and fishery products covered, and all but 15 manufactured goods (divided into 190 categories) on which the preferential treatment is granted.

Australia, New Zealand, Norway and Switzerland have already given China special tariff treatment. The EEC is scheduled to do so from January 1 next year.

● China is to hold a three-city trade fair in the U.S. beginning this autumn. The National Council for U.S.-China Trade announced the exhibition, which will be the first by China under the Sino-U.S. trade exhibitions agreement signed last May, will be held from September to December, 1980, in San Francisco, Chicago and New York, Reuter reports from San Francisco.

Australian farm aid considered

BY JOHN HOFFMANN IN PEKING

A SENIOR Chinese official last night put forward a firm proposal which will entail visits to China by Australian agricultural experts to teach and conduct research at Chinese institutions.

The proposal was put forward by Mr. Xiang Nan, a vice-minister of the Chinese Government department responsible for the development of agricultural machinery. Mr. Xiang returned last month from a study of Australian pasture management and dry-land farming techniques.

China's revised modernisation plans lay new stress on the breeding of livestock and the utilisation of large areas of dry land.

Mr. Xiang has suggested specific areas in which China would welcome Australian expertise, including animal husbandry, farm machinery development and wind and solar power. His recommendations offer attractive conditions to Australian experts who might be willing to work in China for up to two years.

Although there is vigorous competition among agricultural nations to contribute to China's rural development plans, Australia seems to be in a strong position. Two high-level Chinese delegations have visited Australia this year and are reported to have returned with enthusiastic reports about Australian achievements.

Two sales missions from the Australian agricultural machinery companies Sunbeam and Chamberlain-John Deere are at present visiting China. China has also shown interest in Australian sugar-farming technology.

HK-Sydney fares cut

BY PHILIP BOWRING IN HONG KONG

NEW LOW-COST advance purchase excursion (APEX) fares between Australia and Hong Kong have been announced. They become operable on August 27.

These are the first such fares between Australia and an Asian destination, and were agreed in principle some months ago between Britain and Australia. But introduction had been held up, partly because of the impasse between Australia and the five members of the Association of South East Asian Nations (ASEAN) on similar low fares.

Those talks are still deadlocked, but ASEAN ministers will consider Australia's latest proposals next month.

The introduction of the APEX fares on the Hong Kong-Australia route coincides with he introduction by Cathay the introduction by Cathay Sydney run.

The new APEX fares range from a low season return fare of HK$ 3,086 (£268) between Hong Kong and Sydney or Melbourne or Brisbane return to HK$ 4,230 for the high season. They compare with an IATA rate—expected to be raised soon—of HK$ 7,282 for an ordinary economy return and HK$ 4,733 for the return for the cheapest current excursion.

The new fares are exclusive to the two national carriers, Qantas of Australia and Cathay Pacific of Hong Kong.

● Our Aerospace Correspondent writes: Passenger fares on the Concorde services operated by Braniff Airways between Washington and Dallas/Fort Worth will be slightly cheaper.

The U.S. airline has abolished the 10 per cent surcharge (or $19) on Concorde tickets for this sector of its network, so that passengers will pay the same first-class single fare of $194 as passengers on Boeing 727 flights between Washington and Dallas/Fort Worth.

But because of the way in which transatlantic fares are computed, there will be no fare reduction on the Concorde international flights from London and Paris to Dallas/

Scotch sales fall in U.S.

By Our Consumer Affairs Correspondent

SCOTCH WHISKY sales in the U.S. have fallen by 17 per cent in the first half of the year compared with the same period in 1978, according to trade statistics released in the U.S.

Tax payments on Scotch—the closest it is possible to get to actual up to date sales figures for the period—totalled 21.2m U.S. tax gallons, a fall of some 17 per cent.

Scotch imported into the U.S. in bottles fell some 16 per cent —to 13.1m gallons—while Scotch imported in bulk for local bottling fell by 18 per cent to 8.1m gallons.

The main reason for the fall in sales appears to be the U.S. economic difficulties. Canadian whisky sales in the U.S. also fell by 9 per cent in the first half of the year.

The decline in Scotch whisky sales could not come at a worse time for the industry. Last week a report published in the U.S. claimed that Scotch whisky contained minute quantities of nitrosamines, which could have the possible effect of causing cancer. However, the industry has said that the quantities allegedly found were too small to cause harm. Moreover, steps are being taken to eradicate the possible cause of the nitrosamines.

Meanwhile, revised Customs and Excise figures for Scotch output in the UK in the first quarter of this year show that production fell by 9.4 per cent to a total of 38.7m proof gallons. The decline in production, however, was largely accounted for by the effects of the lorry drivers strike in January.

Gulf Air buys two more Lockheed TriStars

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

GULF AIR has ordered two more Lockheed TriStar airliners, with RollsRoyce RB-211 Dash 524B engines, to bring its eventual fleet of these aircraft to six.

The deal is worth about £40m. Of this, the initial Rolls-Royce share will be about £8m, rising to some £19m over a period of 10 to 15 years because of spares purchases. Delivery will be made in early 1981.

Gulf Air still has an outstanding option on two more TriStars.

● TAP, the Portuguese national airline, has decided to buy five new widebodied passenger aircraft to strengthen its fleet, Jimy Burns writes from Lisbon.

TAP officials indicated this week that their preference was for five Lockheed 1011-500 TriStars although their present fleet is largely composed of Boeing aircraft.

Norway may aid Jamaican bauxite project

BY FAY GJESTER IN OSLO

NORWAY IS seriously considering participating in a 600,000 tonnes-per-year aluminium oxide plant which the Jamaican Government hopes to build to process bauxite from the island's own mines.

At present, only half of Jamaica's bauxite production is processed on the island and the processing plants are controlled not by Jamaica but by multi national aluminium companies such as Alcan, Alcoa and Kaiser/Reynolds.

The project was one of the main topics discussed at a meeting in Oslo this week between the Jamaican Prime Minister, Mr. Michael Manley, and Prime Minister Odvar Nordli. Aluminium oxide is the raw material for the aluminium industry, and Norway which produces some 600,000 tonnes of the metal annually, is a big importer. Two tons of aluminium oxide are needed to produce one ton of aluminium.

As a first step, Norway has agreed to send a study team to Jamaica early this autumn, to look into the plans. Civil servants, trade union officials, and experts from Norway's aluminium industry will be included in the group.

In a television interview, after his talks with Mr. Nordli, Mr. Manley said Jamaica would like to see Norway take a stake in the planned plant. In return, the Norwegians would be ensured long term deliveries of aluminium oxide at agreed prices.

There might be benefits for the Norwegian shipping industry as well, in the form of long term charters for Norwegian vessels to carry the oxide from Jamaica to Norway and other foreign markets.

Mr. Manley said designs for the plant had been drawn up by Hungarian experts and Jamaica was negotiating with several contracting companies in the U.S. about its construction.

Without Norwegian help, Western finance for the proposed plant could be difficult to find—though East bloc countries might well be willing to put up the necessary capital. The aluminium multinationals are unlikely partners. They have their own oxide plants in Jamaica already and have been at odds with Jamaican Government in recent years over bauxite prices.

Norway's Labour Government, on the other hand, is friendly towards Mr. Manley's social democratic regime. Political considerations as well as economics could favour Norwegian involvement in the project.

Danish ship order hopes

BY HILARY BARNES IN COPENHAGEN

THE BURMEISTER and Wain Copenhagen shipyard is currently negotiating for orders for up to five bulk carriers of the Panamax 60,000 dwt type.

The company says the Danish A. P. Moeller shipping and industrial group is prepared to place an order for three of the vessels, but so far the price which Moeller is offering is too low for the yard to accept. Negotiations are, however, continuing.

The yard is also negotiating for one vessel for Norwegian owner and two vessels for a Canadian owner. The yard believes these orders can be concluded speedily if the Government will provide satisfactory export guarantees. The Company officials expect to meet Mr. Arne Christiansen, the Minister of Commerce, within the next few days.

New ways to fund health service studied

BY ELAINE WILLIAMS

THE GOVERNMENT is examining other ways of financing the Health Service in spite of a Royal Commission report, published last month, which rejected such proposals.

The Royal Commission on the National Health Service made a strong case for continuing the present funding system through general taxation, which meets nearly 90 per cent of NHS costs.

But the Government appears to have taken literally the Commission statement that "it is up to the Government to decide how the NHS should be funded."

Economists at the Department of Health and Social Security have been asked to study schemes from other countries, including health insurance schemes.

Among those under consideration is a system adopted by the Australian Conservative Government. This makes patients without health insurance pay up to £10 for any treatment.

Under the Australian scheme, a visit to the doctor would cost about £3.50 and a home visit would cost £10. Poor people, pensioners and the chronically ill would be given concessions. Hospital operations in public wards would be free, except if a patient wished to be treated by his own doctor. He would then have to pay the first £10.

As a result, health insurance schemes have flourished in Australia where about two in every three take out private cover.

The possibility of such schemes being adopted in the UK has angered the National Union of Public Employees, one of the health service unions.

Mr. Bernard Dicks, assistant general secretary of the union, said that the Government appeared to be deliberately undermining public confidence in the National Health Service.

He said: "This attack on the NHS from behind, coupled with direct cuts which the Government is making in health service expenditure, could reduce the NHS to little more than a casualty clearing station."

He accused Dr. Gerard Vaughan, Minister for Health, who instigated the examination of other health funding schemes, of implying that patients expecting more than minimal treatment should take out private medical insurance.

However, Department of Health officials stressed that the Government is not contemplating an immediate introduction of health insurance schemes. It was looking into alternative sources of funding, and the Australian scheme would not necessarily be best for Britain.

EEC consumer credit proposals 'unworkable'

BY OUR LOBBY STAFF

THE EEC's proposals for harmonising consumer credit controls could result in a serious disservice for the British consumer, the House of Lords European Communities Committee warned yesterday.

As drafted at present, said the committee, the proposals would be unworkable and would impede the progress towards Britain's own consumer credit legislation.

The directive, it said, would involve retailers and consumers in a vast amount of additional paperwork and might result in a curtailment in the use of credit cards, such as Access and Barclaycard.

The EEC has been considering how best to deal with the question of consumer credit for some time. The draft studied by the House of Lords committee has already been revised, but it still has a long way to go before being adopted as Community law.

The committee fully endorses the aim of ensuring the minimum standard of protection for consumers throughout the EEC, but that in their view the proposed directive—which runs to only 18 Articles, compared with the 193 sections of Britain's Consumer Credit Act—should have been confined to more general statements of principle.

The report singles out the problems which the proposal would create for credit cards like Access and Barclaycard. The draft directive defines a "credit agreement" in such a way as to include purchases made using a credit card. The effect, says the report, would be that such transactions would have to be in writing, signed by both parties, and to contain details of the credit given with related charges.

Retailers accepting credit cards would have to conform to the rules laid down in the proposal on the advertising of credit facilities and the display of information on interest rates.

The committee can see no benefit to the consumer in such a result, and does not believe that it would work in practice.

The report also takes issue with a number of the proposal's other provisions. It points out that, unlike Britain's Consumer Credit Act, there is no exemption for certain low rate, essentially non-commercial agreements, such as those operated by credit unions.

Eighth report from the House of Lords European Communities Committee. Session 1979-80 (HL30; SO, £2.

● *In another report issued yesterday the House of Lords European Community's Committee suggests that British passports should identify the bearer as an EEC citizen as well as a British national.*

The committee broadly supported the Community's proposal for a European passport, which has been under discussion for some time but had seemed to have got bogged down. The committee emphasised, however, that the British passport continues being identifiably British and that the changes would only be symbolic.

The Commission's report on passport union published in 1975, also suggested the abolition of checks at frontiers within the Community. But the House of Lords Committee concludes that abolition of passport control within the Community would be dangerous.

Race body must save £1m

By Lisa Wood

THE GOVERNMENT has told the Commission for Racial Equality to cut its budget of £6.1m by £1m.

The formal request to the commission by the Home Office was disclosed yesterday by the Society of Civil and Public Servants.

A letter to the commission said that the 3 per cent cut in staff costs imposed by the Government as part of its recruitment freeze in the Civil Service would not now be adequate and it asked for savings in staff costs and administration totalling about £1m.

Mr. David Luxton, national officer of the SCPS, yesterday said the cuts were an "appalling indictment of the Government's insensitivity towards growing racial unrest in Britain." He said it was "further proof" of the Conservative Government's contempt for the Commission and for its practical efforts to promote equality of opportunity for ethnic groups.

The society, which represents executive grade civil servants, said that the cut, coming half-way through the financial year, was equivalent to a 30 per cent reduction in spending for the remainder of the year.

Kuwait attacks ship premium

BY ERIC SHORT

THE EXTRA premium for ships sailing in the Gulf and adjacent waters was doubled from midnight. This decision by UK marine underwriters brought condemnation and threats of retaliatory action from Kuwait.

Lloyd's disclosed yesterday that the basic war risks premium on hull insurance for the Gulf had been doubled from 2½p to 5p per £100 sum insured. In addition, instead of granting the usual 12 months cover, ships will have to seek war risks cover each time they sail to the Gulf.

But it was emphasised that there was no tariff market in marine insurance. Each ship was rated individually. The basic rate acted as a guide in fixing hull insurance premiums.

Warning of the decision to cancel normal war risks cover in these areas was given last week by the Lloyd's Underwriter's Association and the Institute of London Underwriters. It followed warnings made by the U.S. State Department.

Fears are being expressed that the Palestinian guerrillas could be about to take some desperate and drastic action in the Gulf to force the world to do something about their plight.

This could take the form of hijacking one or two supertankers or of sinking them by fire from the shore. The Strait of Hormuz at the entrance to the Gulf is only 30 miles wide.

Suggestions that the guerrillas might try to block the straits are being discounted.

Discounted

Opposition to this action by UK underwriters is being voiced by Mr. Abdel-Aziz Al-Sakr, chairman of the Kuwait Chamber of Commerce.

He has condemned the action as creating an atmosphere dominated by fear and lack of confidence and it would affect the economic stability of the Gulf countries.

Methods are being considered to counter and retaliate against this latest premium increase, including switching insurances and reinsurances out of the UK to other countries.

Minister announces plans for tougher drink-driving laws

BY OUR LOBBY STAFF

PROPOSALS for tightening up the law on drinking and driving are to be published by the Government later this year.

The consultative document will be based on the controversial Blennerhassett Report which recommended that police should be free to carry out random breath tests on motorists.

The Government is plainly determined to do all it can to clamp down on drunken driving, but it is not clear how precisely it will stick to all the Blennerhassett Committee's recommendations.

Mr. Norman Fowler, Minister of Transport, announced the consultative document yesterday. He gave the impression that the Government still had an open mind both on the question of random breath tests and on the committee's recommendation on how to deal with motorists who repeatedly break the drink and driving laws.

In the past, Mr. Fowler has indicated that he has reservations about removing the present limitations on roadside testing. But he acknowledged yesterday that the police believ that their efforts to combat drunken driving are hampered by ineffective legislation.

Mr. Fowler told the Guild of Motoring Writers that the facts about drunken driving presented an appalling picture. The Govenment had decided to issue a consultation papes later this year which would set out proposals on how to tackle the problem.

The paper would be based on the Blennerhassett Report of 1976. Many of this committee's proposals had been widely welcomed when they were published, but on some issues, the Government recognised that views were divided.

He cited the committee's proposal that the police should use their discretion as to who to breathalise. At present, they could only carry out a test if they had reasonable cause to suspect that the driver had allohol in his body or if a driver had committed a traffic offence.

The Government would consider views on this ouestion before reaching a conclusion.

Another area of difficulty was the high risk offender. Under Blennerhassett, the offender would hav eto satisf ythe courts that their drink habits no longer presented an undue risk to get back their licence.

Many people would find this proposal attractive, but a satisfactory method of achieving it was necessary.

It was the Government's job to get the balance right between blocking the loopholes in the existing legislation and protecting good relations between the police and the motoring public.

The consultation document would be an essential step in ensuring that the legislation got this balance right. In it, he would give his provisional views on the main Blennerhassett recomendations and would publish the results of trials of the new breath testing machines.

OBITUARY

Sir Frank Barlow

THE Labour Party lost one of its most loyal and longest serving officials yesterday. Sir Frank Barlow, secretary of the Parliamentary party since 1959, died at the age of 61, after complaining of pains in the chest.

Sir Frank, who was knighted in Mr. Callaghan's resignation honours and was awarded the CBE in 1965, had worked for the PLP since 1937. A familiar figure in the House of Commons, he had an encyclopaedic knowledge of the party.

Paying tribute to him yesterday, Mr. Callaghan described him as a "friend and confidant of Labour members of Parliament for over 40 years." Sir Frank had had a deep abiding sense of loyalty to the party. "Everybody was deeply grateful for his guidance and advice."

Sir Frank, who was educated at John Ruskin Grammar School, Croydon, joined the PLP as a clerk. He leaves a widow, Diana.

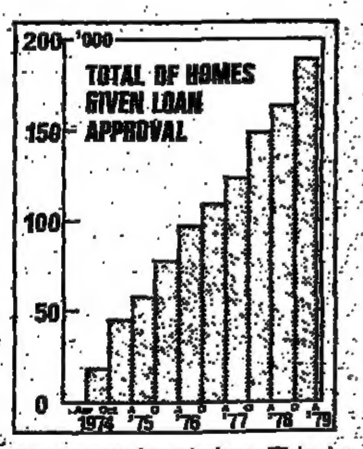
● NEWS ANALYSIS—HOUSING ASSOCIATIONS

A sharper set of teeth

BY ANDREW TAYLOR

THE HOUSING Corporation appears to be keen to show a new and sharper set of teeth following the recent criticism of its failure to monitor adequately the accounts of nearly 2,800 voluntary housing associations which come under its statutory umbrella.

This new determination is reflected in the publicity the corporation has given to its recent decision to discipline Auriol Housing Foundation—one of London's largest housing associations—for alleged mismanagement of its finances.



The corporation has said, following an 18 months inquiry, that it will continue its ban on providing new funds for Auriol until the housing association carries out a major restructuring of its management committee.

Mr. Frank Ebdon, director of Auriol, says that complaints of mismanagement are totally unjustified. He says Auriol is a victim of the corporation's determination to show that it is prepared to take strong action against individual associations.

The corporation complains that bank accounts for rental income and withdrawals and expenditure were not kept separate; that money for repair work was first paid into the account of one of Auriol's officers before being passed on to builders; and that insufficient records were kept of expense payments to officers.

Mirrored

The corporation also says that Auriol officers failed to provide sufficient information about operations to the association's management committee.

All these complaints are mirrored by the general criticisms of the housing association movement contained in the House of Commons Public Accounts Committee report published earlier this year.

However, Mr. Ebdon, in support of his claim that Auriol has been victimised, says: "There is no question that anything improper has been done or that any money is missing. This is a row over which accounting methods we should use.

"Auriol, despite the fact that it has not received any new funds for 18 months, still manages to make a surplus, which is more than can be said for other large associations, which, unlike us, are represented on the corporation board."

The corporation has seen £1.36bn of public money in the form of loans and grants, pass through its hands in the last five years. It is well aware of the need to clean up its image.

Improved

It is only seven months ago that the corporation revealed a £5.2m deficit in its 1977-78 accounts and an accumulated deficit of £7.5m.

The situation has since improved. The 1978-79 accounts—albeit assisted by changes in accounting procedure—showed a £3.7m operating surplus, while the accumulated deficit had been reduced to £3.2m.

The corporation has been trying to implement some of the recommendations contained in the Public Accounts Committee report.

The report revealed that only 70 monitoring visits had been paid by the corporation to individual associations since 1977. The corporation says that it hopes to meet its target of 250 monitoring visits in the current financial year. It also intends to step up its programme of spot audits and other financial checks.

The corporation hopes that more significant financial and other controls will result from new legislation. It has already made representations to the Government asking for statutory powers to regulate the form, content and timing of the presentation of accounts from housing associations.

It would like to see legislation preventing individuals with vested interests taking positions of power and influence on housing associations and it wants new powers to investigate and discipline charitable housing bodies.

Backed

The rapid growth of housing associations during the past five years has been a major headache for the corporation. Housing associations now build and renovate more than one-fifth of public sector homes in Britain.

Originally the corporation, formed in 1964, was set up to administer the housing co-ownership movement — a system by which housing schemes were backed jointly by loans, not subsidies, from the corporation and building societies.

It was not until the 1974 Housing Act that the corporation took on its current role of administering and monitoring State grants and loans to registered housing associations.

In the 10 years to 1974, the corporation provided finance for 50,000 new dwellings. In the past five years loans have been approved for the construction and rehabilitation of 183,000 homes.

The corporation says that it is attempting to put pressure on housing associations to speed up and improve their accounts. But further legislation is required to give it more muscle if it is to implement all the recommendations of the Public Accounts Committee.

Cosmetics discount for shareholders

BY OUR OWN CORRESPONDENT

SMITH AND NEPHEW, the toiletries, cosmetics and personal hygiene group, has joined the small but growing list of quoted companies which offer special perks to their shareholders.

Complying with requests from shareholders at the last annual meeting, the group has introduced a scheme to enable shareholders to buy its products at a discount.

The scheme is so far limited to the staff sales shops near the company's factories at Briesfield, Colne, Lancashire, Welwyn Garden City, Glasgow, Birmingham and Hull.

About 27,000 private shareholders on Smith and Nephew's register will, on receipt of a special facility card, be able to buy such items as Nivea Creme, Lillets tampons, and Miners and Mary Quant cosmetics at the same "slight price advantage" available to the group's UK workforce of 11,000.

Mr. Kenneth Kemp, the chairman, was unable to put a figure on the value of the discount when the scheme was announced yesterday. However, he recommended an increase of a third in the dividend. The same rate of improvement is now widely expected to be repeated at the final to give a net total payment of 3.75p per share.

Half-year results, page 12

State hauliers open £5m fuel cuts drive

BY LYNTON McLAIN

THE National Freight Corporation, Britain's biggest haulier, whose shares are to be sold to the public, has started a campaign at its 750 depots to save energy worth up to £5m in 18 months.

This is almost 10 per cent of the corporation's total annual energy bill of £45m. It would come from a 5m gallon annual cut in fuel consumption.

Mr. Peter Thomson, the corporation's chief executive, said at the campaign launch yesterday that the saving might match the profit the corporation could earn on a tenth of its total receipts, which last year came to £406.7m.

However, the immediate target, to be achieved in six months and with no investment in energy-saving equipment, is a 5 per cent cut in the energy bill.

Fuel is to be saved at the corporation's depots, workshops, garages and offices, as well as in lorries.

Up to 20,000 commercial vehicles will be affected. Their running has been affected by a 30 per cent rise in diesel fuel prices this year and the corporation expects further increases.

The highly-detailed plan, which is available to companies outside the corporation, is based on the results of field trials at some of the corporation's depots.

"Two branches cut electricity consumption by 14 per cent, another cut heating oil use by 11 per cent, and the gas heating bill was cut by almost a third," Mr. Thompson said. Savings from using fuel more efficiently in vehicles was variable, but almost all tests resulted in improvements.

Some branches, including the Swindon branch of the Midlands British Road Services, cut heating bills by using waste engine oil from lorries for space heating.

The five-point plan is based on energy surveys of vehicles, the use of alternative fuels, traffic management, driver behaviour and saving in energy costs in buildings.

Mr. Thompson said: "By far the most important aspect is improved driving, and better control of the right foot over the accelerator."

Under-inflated tyres are a big source of wasted energy. The corporation has found that 20 per cent under-inflation can increase fuel use by 4 per cent. A series of educational programmes are planned to improve driving.

The corporation is also prepared to invest between £4m and £5m in energy-saving equipment as the main way of increasing savings from the 5 per cent planned immediately to 10 per cent by the middle of 1981.

About £2.88m is to be spent on wind deflectors and road speed governors, which reduce fuel flow to engines when the lorry is overspeeding, to save more than £1.7m. The investment is expected to pay for itself in fewer than 21 months.

Mr. Thompson, however, gave a warning that not all wind deflectors achieved the results their makers or agents claimed. The cost-benefit had to be studied in detail before it could be considered a worthwhile investment. Only 28 per cent of the corporation's lorries were suitable for the equipment.

The corporation is also committed to tests in commercial service of vehicles powered by batteries and liquid petroleum gas.

It has 17 electric two-ton vans in service, which save 1,000 gallons of diesel a year, although at double the cost of a conventional van, they require a long life for moderate depreciation rates.

Mr. Wally Batstone, the chief engineer, said yesterday that the efficient sodium sulphur batteries for vehicles might be in service by 1983 to 1985.

Engineers from the corporation are also working on new experiments to evaluate liquid gas-powered (LPG) vehicles. The Scottish Milk Marketing Board runs LPG-powered tankers, driven by Rolls-Royce engines.

Big rise in bank profits forecast

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

LONDON clearing bank profits are forecast to increase by more than a third this year, mainly because of higher interest rates.

Mr. Ian McLean, bank analyst with Edinburgh-based stockbrokers Wood Mackenzie, expects that the clearers' 1979 pre-tax profits will be 35 per cent higher at just short of £1½bn. This follows first-half results in which the big four banks reported increases ranging from 56 per cent to 102 per cent in pre-tax results.

A slightly higher forecast for 1979 profits comes from Mr. Bob Yates, bank analyst with London brokers L. Messel. "Assuming interest rates remain high into the autumn, second-half profits should slightly exceed those just reported.... Full-year profits might rise some 37 per cent in aggregate."

Both analysts agree that 1980 will see a reversal of this trend. Wood Mackenzie anticipates that lower domestic interest rates together with a tailing off in loan demand and higher costs will cut domestic bank profits by a quarter, leaving overall pre-tax profits 11 per cent down at £1.3bn.

Messel projects that average base rate for 1980 will be 10 to 11 per cent.

"In these conditions, and assuming no very marked buoyancy in UK lending, and only moderate growth in profits from international and related banking operations, group pre-tax profits must be expected to show some reduction, perhaps of the order of 15 per cent."

In spite of the clearers' recent diversification the domestic banking business accounts for a substantial proportion of pre-tax profits.

Wood Mackenzie estimates that on present trends domestic business is likely to account for more than 60 per cent of profits in 1979 compared with more than 50 per cent last year. This proportion is expected to decline, perhaps substantially, in 1980.

Molins plans to cut 250 jobs

BY HAZEL DUFFY

THE MOLINS engineering group is discussing with union officials plans to cut 250 jobs in its cigarette - making machinery division before the end of the year.

Most of the jobs will be lost at the group's plant in Deptford, South London, which employs 2,000. The plans also involve closing a machine shop in New Malden, Surrey, with the work transferred to Deptford.

About half of the 60-strong workforce at New Malden are skilled engineers. They will be offered jobs at Deptford. The redundancies at Deptford involve non-production workers, including some middle managers, clerical staff and labourers.

The job cuts are the first under a programme launched nearly two years ago to raise productivity. It provides for substantial investment in new buildings, plant and machinery over the next few years. Modernisation and redevelopment at the Deptford plant has already brought on extra capacity.

Suffering

Molins is the biggest employer in the Deptford area, which has been suffering, like other Inner London boroughs, from industry moving out of the area. The division has other factories in the UK.

The group said yesterday that there was no question of it moving out of Deptford, where its head office is situated.

Mr. Peter Hutton, convenor of the shop stewards from four unions represented at the Deptford factory, said he was "shocked" by the announcement.

"We understand the management has had its problems in production in recent years. But what they are proposing is pretty drastic."

Murray appeals over new index

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT received a warning from Mr. Len Murray, TUC general secretary, about its new standard of living index as confirmation came yesterday that the first such figures would be published on Friday beside the monthly Retail Prices Index (RPI).

Mr. Murray, in a letter to Mr. James Prior, Employment Secretary, which was overtaken by the announcement, said that the Government would regret its departure from "an agreed approach" on the statistical calculation of inflation. He asked for an assurance that there would be discussion with the unions before a final decision.

Inflation

Lack of agreement would lead to controversy and the "possibility of a proliferation of indices," he said.

The TUC considers the new index a political attempt to mask price inflation. Friday's RPI is expected to show a jump in the year-on-year rate to more than 15 per cent.

A new yardstick of this kind, the TUC says, should take into account not only tax cuts but also the level of public services financed by taxation—sometimes called the "social wage."

Union leaders have made plain that they will continue to use the RPI in their negotiations this winter, although Ministers and the Confederation of British Industry are campaigning for settlements considerably less than the present rate of inflation.

Furthermore, the TUC and Mr. James Callaghan, Leader of the Opposition, are convinced that the Government will quickly be forced into a radical change of policy by the effects on companies of strict financial discipline coupled with free collective wage bargaining.

The Central Statistical Office announced that the new Tax and Prices Index had been approved, but did not divulge its constitution.

It is expected to chart tax and price movements since January, 1978, and to show month by month, how much income the average taxpayer would need to maintain his standard of living.

The Confederation has calculated that, with inflation at 16 per cent, the average family wage earner whose last pay rise was in August, 1978, would need only 7.5 per cent to keep abreast in real terms, once tax cuts and child benefits are taken into account.

IRA political wing may be proscribed

BY OUR BELFAST CORRESPONDENT

ULSTER'S seven-day security alert, which ended on the 10th anniversary of the arrival of troops in the province, drew to a close yesterday amid a welter of political exchanges.

A meeting between the Rev. Robert Bradford, Official Unionist MP for South Belfast, and Mr. Michael Allison, Minister of State, brought speculation that the Government might outlaw Provisional Sinn Fein, the political wing of the IRA.

Mr. Bradford said: "The Minister said the edge between the political organisation and the paramilitary organisation had become blurred, so much so that they would have to consider the position of Provisional Sinn Fein."

The Northern Ireland Office said the list of proscribed bodies was continually under review. But it appears that Stormont officials think Mr. Bradford may have drawn too firm an impression of the Government's attitude.

Mr. Humphrey Atkins, Ulster Secretary, paid tribute to the braevery of soldiers killed and injured in the province in the past 10 years.

In a message to Lieutenant-General Sir Timothy Creasey, General Officer Commanding, he said the army, acting in support of the RUC, would provide a secure foundation for progress towards peace and stability "for as long as is necessary."

The threat by the Ulster Defence Association, the largest Protestant paramilitary group, to take a more positive paramilitary stance after Sunday's show of strength by the Provisional IRA was condemned by politicians on both sides. The RUC described it as a propaganda exercise.

Fair Trading probe into car faults

BY DAVID CHURCHILL

THE OFFICE of Fair Trading will carry out a major investigation of faults found in new cars.

It will be based on 10,000 questionnaires which have already been sent out to recent buyers of new cars to find out what sort of problems they have experienced in the first few months after purchase.

A preliminary survey carried out in May last year found that 67 per cent of new cars required warranty repair work during the first five months. It also found a marked disparity in quality control between different manufacturers, although it did not name those manufacturers most at fault.

The results of the latest survey are expected to be published during the autumn. Mr. Gordon Borrie, Director General of Fair Trading, said yesterday: "Given the enormous outlay of money required for a new car today, I feel that consumers should not have to make repeated visits back to their dealer for corrective work in the early days of a car's life."

Lorry pollution inquiry

BY LYNTON McLAIN

TWO EXPERTS concerned with the environment have been appointed by Mr. Norman Fowler, Transport Minister, to help with the Government's independent inquiry into lorries and the environment.

They are Sir Henry Chilver, vice-chancellor of Cranfield Institute of Technology and Professor P. J. Lawther, professor of environmental and preventive medicine at St. Batholomew's Hospital, London.

Sir Henry, a civil engineer, is a member of the Royal Commission on Environmental Pollution. He is also a member of the Commission on Energy and the Environment and a former director of the Centre for Environmental Studies.

Professor Lawther is chairman of the Health Department's working party on lead pollution caused by factories and vehicle exhausts.

The other two members of the panel of assessors, who will assist Sir Arthur Armitage, vice chancellor of Manchester University who will conduct the inquiry are: Miss Audrey Lees, county planning officer of Merseyside County Council; and Professor Ray Rees, professor of economics at University College, Cardiff.

Miss Lees is a member of the advisory committee of the Nature Conservancy Council. Professor Rees is a former consultant to the Treasury.

Ancient clarets for auction

By Edmund Penning-Rowsell

CHRISTIE'S has unearthed two more cellars of ancient clarets. They will be sold at its first wine auction of the season on September 27.

Both come from France; one is from a cellar adjoining the Jardin Publique in Bordeaux, and belongs to a Madame Teysonneau-Zamboni. The source of the other is not disclosed.

The first includes 110 bottles and 13 magnums of pre-phylloxera claret, ranging from 1846 to 1878 and from 14 different chateaux, as well as some dated but unidentifiable growths. Three first-growth 1874s and two first-growth 1878s are included. The cellar does not stop there, but runs from 1881 on to 1937. It is unusual to find in Bordeaux a range of burgundies. The range in the cellar starts with an 1870 Clos de Tart and finishes with a 1921 Pommard. It includes 18 bottles of 1919 Hospices de Beaune, which I have been able to sample, and which is still remarkably fruity.

The second cellar consists entirely of vintages of Chateau Lafite—30 of them. It begins with single bottles of the 1822, 1832 and 1844 vintages, and ends with several dozen each of the 1961s and 1962s. Twenty-two of the vintages date from the last century, a dozen of them from the pre-phylloxera era, which ended in 1878.

Ford's Bridgend engine plant nears completion

BY ROBIN REEVES, WELSH CORRESPONDENT

FOR'S NEW £180m engine plant at Bridgend, South Wales, is nearing completion. The last of nearly 400 machine tools is being installed and it is planned to assemble the first test-engine towards the end of next month.

Full production is due to begin in June next year, assembling engines for Ford's European passenger car range. This is less than three years since the company first announced its decision to build the plant.

The project was at one stage about three months behind schedule because of bad weather and industrial disputes. But it is now back on the original tight timetable laid down by the company.

Applications for jobs at the factory have been overwhelming. Since recruitment began in early 1978, Ford has received some 13,000 requests for jobs, 9,000 of them through the Bridgend Jobcentre.

So far, the company has taken on 500 employees out of a planned workforce of 2,500. A significant number has already been away for training at Ford plants on the continent and in the U.S.

Ford is also spending £25m updating and renewing machinery at its nearby Swansea plant which employes 2,300 making axles and gearboxes for its passenger vehicles.

Yellow-page protest by publishers

By Elaine Williams

THE British Periodical Publishers Association is to ask the Post Office why it awarded the majority of the Yellow Pages advertising contract to U.S. companies.

The association feels that there were a number of British publishers who would have been capable of running at least part of the contract, which is worth around £100m.

Mr. Tom Hooson, MP for Brecon and Radnor, the association's director general, has asked Sir William Barlow, chairman of the Post Office, why two U.S. companies, International Telegraph and Telephone, and General Telephone and Electronics, won the major part of the contract.

Mr. Hooson said: "We find it hard to believe that the Post Office lacks confidence in British publishers' ability to handle the Yellow Pages contract."

The only British company to be offered a part of the contract, Thomson Yellow Pages, part of the Thomson Organisation, turned down the deal because the terms were not acceptable. Thomson held the monopoly for 14 years.

Post Office workers reject offer again

BY NICK GARNETT AND JOHN LLOYD

NEGOTIATORS FOR the Post Office members of the Society of Civil and Public Servants are to meet management tomorrow after a decision yesterday that the Post Office's latest pay proposals remain unacceptable.

At issue is the management's commitment on future grade resructuring and pay differentials.

Dissatisfaction with internal pay relativities was a principal reason for the society's Post Office membership's rejection of earlier proposals that negotiators had recommended.

The Post Office group executive is to meet on Monday, and union branches, provisionally, next week if the executive decides to put the new proposals to it 8,000 members in the corporation.

Borrowings by the Post Office on the City's short-term money markets total £24.3m.

The money is needed to cover cash flow shortages resulting from industrial action by computer operators belonging to the society and to the Civil and Public Services Association, which has halted normal issue of telephone bills.

The money has been borrowed in three tranches—£15m on August 2, £5m on August 8 and £9.3m on August 8. In each case, the money was repaid the next day.

Funds

The £5m was not, however, immediately required by the Post Office, and an equivalent amount of telecommunications funds which could have been borrowed was earning interest. Therefore there was no net loss to the Post Office.

Even assuming a rapid end to the action by the computer operators the telecommunications business will have to continue borrowing for a few months. The Post Office expect that billing procedures will take six months to return to normal.

The bulk of the borrowing—running at around £10m a day—is from postal business funds, which are relatively low. However, it is expected that there will be a number of further forays into the short-term markets.

Government is accused of undermining NHS

THE GOVERNMENT was accused by a trade union leader of deliberately undermining the National Health Service to encourage the growth of private medicine.

Mr. Bernard Dix, assistant general secretary of the National Union of Public Employees said: "Recent statements by Dr. Gerard Vaughan the Health Minister, indicate that the Government is embarking on a deliberate campaign to undermine public confidence in the National Health Service in the hope that it will encourage more and more people to switch to private medicine.

"This attack on the National Health Service from behind, coupled with the direct cuts which the Government is making in Health Service expenditure, could reduce the NHS to little more than a casualty clearance station.

"When Dr. Vaughan says there is a need to cut back what he calls 'pet projects' in the NHS he is really saying that patients who expect more than minimal treatment should take out private medical insurance.

"In this way the Government is attempting to make good health a market place commodity, available only to those who can afford it while returning rich profits to those who provide it."

OTHER MEN'S JOBS

JOHN GRIFFITHS on an unusual human metamorphosis

Butterfly jungle is the world of Robert Goodden

YE GODS, it's hot—at least 120. Making slow headway through giant palms and other overgrown tropicana. Humidity feels a million per cent. Disneyland butterfly zips past ear clearly bent on, and looking quite capable of, knocking back a full half-pint of nectar; thinks, will I never get out?; trip over fat boy pestering parent for ice cream.

It's hell in the Somerset jungle.

Actually, the jungle is officially called the Palm House. The jungle proper is in the drawing room.

An unusual place indeed is Compton House, the origins of which stretch back beyond the Domesday Book. It stands in an idyllic rural corner two miles east of Yeovil. It is remarkable not for its structure but for the world it contains. It is that of Robert Goodden, ex-seller of saucepans at Harrods, now master of nearly all he can survey from Compton House's upper storeys.

It is a world built on butterflies.

Mr. Goodden imports, breeds, sells and re-exports butterflies and moths in all their stages of metamorphosis. This year some 120,000 people are expected to visit the grounds and elegant interior of Compton House, paying £1 or so a head to watch him do so.

The funds they provide, plus the proceeds of the sale of livestock and mounted specimens to individual collectors and institutions all over the world, plus sales of lepidoptera-related memorabilia and books of which Mr. Goodden has himself written four—has allowed him to turn what started as a hobby at the age of four into a self-sustaining business. It has also provided a platform from which to campaign for the conservation of this particularly pleasant form of wildlife.

Generations of Gooddens have occupied Compton House since the early 18th century. In recent years they have fought a steadily losing battle against dry rot on the inside, while outside British butterflies were already setting up camp in the overgrown grounds as if in anticipation of things to come.

By 1976 the house, owned by Robert's elder brother, was about to be put up for auction. Robert was then running, from separate premises in Compton's grounds, the butterfly mail order business he first set up as a part-time operation at Charmouth, Dorset, in 1960.

He and his wife, Rosemary, went for a last look round, swallowed hard, sold the canary and otherwise raised the necessary finance. And Compton was theirs.

The overgrown grounds were soon lawns and car park, the Jungle—a conservatory packed with tropical feed plants and butterflies—was installed in the drawing room. By early 1978 Worldwide Butterflies was drawing visitors galore.

Today, Robert Goodden says that Compton House is unique. The breeding and sale of butterflies and moths traditionally has been an esoteric, part-time occupation of collecting enthusiasts. Nowhere, he insists, has this function been made also the core of a tourist attraction, completing a virtuous circle in which the latter provides funds for developing the former.

He is not quite sure how many butterfly and moth eggs, caterpillars, chrysalids and specimens flit in and out of Compton each year, certainly it is many thousands. They range from chrysalids of British butterflies for release into purchasers' gardens, to museum-bound specimens of the Himalayan Atlas moth, a flying dinner plate.

During the summer visitors can buy from the breeding hall (that was once the dining room) many of the species which are being reared. For a couple of pounds they can cart away a dozen caterpillars of the stunningly beautiful Indian moon moth, a member of the saturniidae—silkmoth—family, itself big enough, if it ever got loose, to put a greater fear of God into the local sparrows than the Rector of Brant Broughton.

When Robert Goodden started the business it was a case of home from Harrods at six, then up until 3 am caring for his charges, preparing them for the mail, and corresponding with a worldwide, but informal, network of suppliers. Today, including part-time help, there are 40 staff. Most handle sales and help visitors.

Some are employed on the latest venture, only just opened, the Lullingstone silk farm. Started by Zoë, Lady Hart-Dyke,

Hugh Routledge

That fine specimen held by Robert Goodden is a Himalayan Atlas Moth.

in the attic of her Lullingstone Castle home in Kent in 1932, Lullingstone silk has traditionally provided the ceremonial robes for every royal occasion since 1936.

When Lady Zoë died in 1975, the silk farm appeared doomed. It was not a viable commercial venture in itself.

But the Gooddens felt it was a tradition and an educational display that should not be allowed to die.

The first hanks of silk have already been produced, although silk manufacturer Goodden is still very much learning. The finest is being set aside in the hope that the Royal Family will continue the Lullingstone tradition.

Given that 1,000 cocoons are required to make one silk shirt, however, Lullingstone silk will never make the multiples. Nor is Mr. Goodden interested in large-scale production.

Therein lies the key to his attitude towards his business. His real interest in the insect world is that of the academic rather than the accountant.

But once both sides of the business are running smoothly, the Gooddens will surely indulge their passion for field trips. Both Robert and Rosemary are leading lights of the British Butterfly Conservation Society. As habitat officers, they are concerned with helping the insects survive urbanisation and modern farming methods

My First Squadron, Inachisio, stands ready; even now, the reservists are munching furiously on the hawthorn. Very soon, the skies will be darkened as the onslaught starts.

The buddleia does not stand a chance.

Tomorrow: The Ferry Man.

Two ministers fight big cuts in manpower costs

BY LISA WOOD

TWO CABINET Ministers have recommended the rejection of proposals for 20 per cent cuts in Civil Service manpower costs in their departments.

Sir Keith Joseph, Industry Secretary, and Mr. John Nott, Trade Secretary, have written to Lord Soames, Lord President of the Council, and told him they are unable to recommend a 20 per cent option for cuts in their departments.

Civil Service unions have described the staff reductions being proposed in two departments as very deep cutting.

Two months ago the Government began a review of Civil Service manpower costs which could lead to a loss of 150,000 jobs over the next three years. It is examining cuts in staff costs of 10, 15 and 20 per cent.

No official target has been set, but union officials estimate that the three options would mean cuts of 75,000; 112,000; and 150,000 jobs respectively.

Sir Keith and Mr. Noft believe the most stringent cuts would harm the efficient working of their departments. Their opinions were disclosed in a confidential letter from Mr. Raymond Prosser, principal establishment officer of the two departments, to Mr. Leonard Keeping, the staff side chairman.

"Neither Secretary of State has felt able to recommend a 20 per cent option because of the effects which this would have on the functions of the departments," said the letter.

Options of 10 and 15 per cent cuts in the two departments have been presented to the staff in consultative documents.

A 15 per cent manpower cut in the Department of Trade could involve losing up to 1,100 jobs. A similar cut in the Department of Industry could mean losing 1,400 jobs.

The two departments stressed yesterday that the options were still being discussed by unions and the Ministers. No decisions have yet been made.

It is understood that cuts could involve major changes in the Department of Trade insolvency service (with possible changes in bankruptcy law); company registration; marine survey work; and a proposal for changing programmes of work in industrial research establishments.

Among the proposals being discussed in the Department of Trade are: abolition of the Metrication Board; abolition of the discretionary powers allowing companies to omit limited from their titles, the requirement to include directors' names on business documents; reduction of export promotion activity; 24-hour notice instead of an on-demand search service at the Companies Registration Office; abolition of import surveillance licensing; reduced surveillance of the insurance industry and cuts in consumer affairs work.

Sir Keith's department, in the 10 per cent option could lose staff in export promotion work; economic advice and statistical programmes.

Civil Service unions in the two departments have said that some cuts would be against the public interest and in some areas the cuts would just transfer the work to another part of the public sector, with potentially an increase in expenditure.

Mr. Keeping, who is also national chairman of the Society of Civil and Public Servants, said: "At this stage we do not accept the proposed cuts although we are quite clearly in the early stages of discussion. Many of the detailed proposals would require legislation and there is no indication that this is forthcoming."

Last week it was disclosed that more than 1,000 jobs could be axed in the Department of the Environment if cuts of 10 per cent outlined in a consultative document are accepted by the Government.

The Government is expected to make a decision on the proposed cuts in September.

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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

EDUCATION

BY DAVID FISHLOCK

Engineering graduate quality exasperates GEC, so it sponsors its own course at Bath

OVER THE next few months a search will be mounted among British sixth formers for the first of a new breed of engineers. The University of Bath and GEC, the UK's biggest electrical engineering group, will jointly be interviewing candidates for an entirely new course in engineering, tailored expressly to create the kind of graduate GEC believes it can put straight to work in a responsible position.

The men behind the demanding new course believe that they have pre-empted advice they expect will be given to the Government this autumn by the Finniston Committee investigating the future of the engineering profession. One of them quotes approvingly the French engineer who remarked on his country's educational demands of its engineers: "They're tough—but if we fail we can always become doctors or lawyers."

It all began back in 1975 when Robert Telford, managing director of GEC-Marconi Electronics, a Chelmsford-based group of companies within the GEC empire, asked his engineering director to see how relevant was the education of graduate engineers to the roles expected of them within GEC. Hugh Wassell, the engineering director, in turn inquired widely throughout the company. He learned that his technical managers to a man found their new graduates seriously wanting.

Plug the gap

The problem was serious if only because GEC is Britain's biggest consumer of graduate engineers, with an intake of 700-800 a year. But its technical managers said it was taking two or three years to plug the gaps in their education to a point where they could be considered ready for responsible positions.

GEC differentiates between three broad categories of engineer in its own requirements; electrical/electronic engineers, mechanical/production engineers, and systems/applications engineers. The majority—about 40 per cent—fall into the first category. Hugh Wassell began to think of collaborating with universities to see if a new kind of degree course could be drafted to turn out more broadly educated electrical/electronic engineers.

He pinpointed the problem as the need for a graduate engineer to be versed in nine or 10 "support technologies" before he could confidently begin to use his "academic" knowledge. The support technologies are concerned with such areas as people, commerce, reliability, principles of measurement, etc. "We found too much craft skill and not enough man-machine relations. Above all, as an engineer the graduate needs to appreciate what has to be done between man and machine."

Collaborate

Wassell looked at the so-called "enhanced degrees" now being offered by some universities. These, he concluded, were much the same old formula "cobbled together with a year of management studies." The result, he decided, was far too much management at the start of the engineer's career; "He may never show a flair for management."

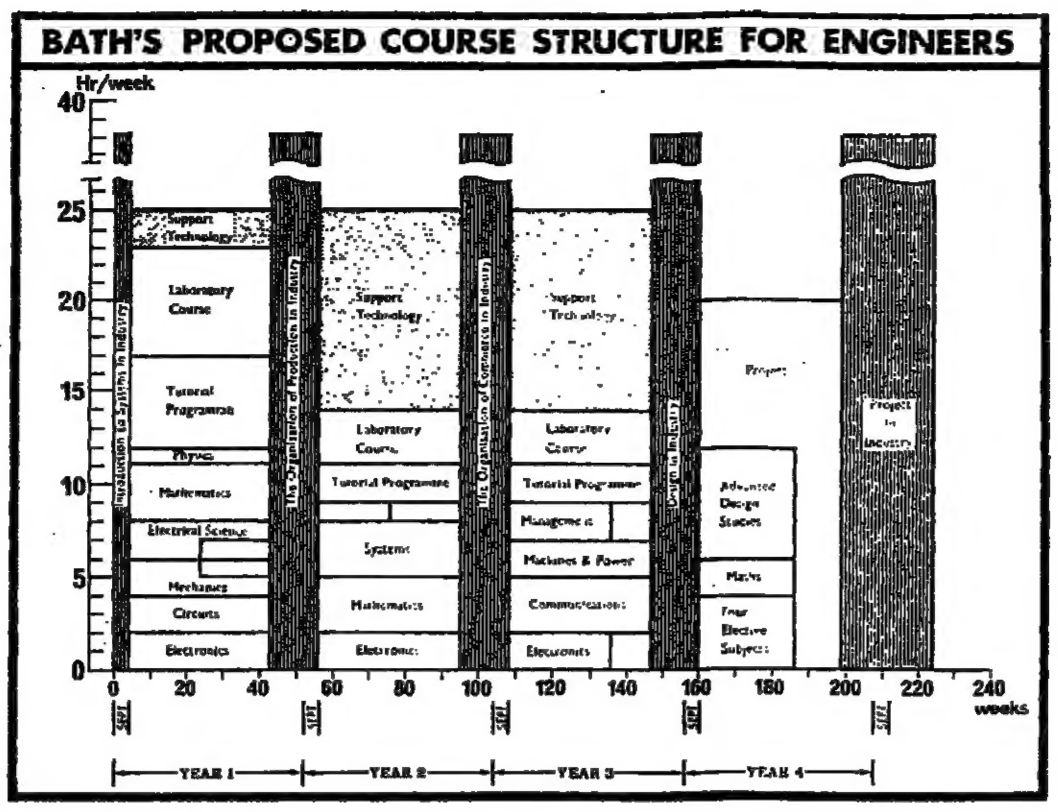
Should GEC try to put matters right by collaborating with other companies? The risk was that in order to get agreement they might have to accept a standard lower than they saw as ideal. GEC believed its demand for graduates was big enough to justify a solo attempt.

Bath was just one of a dozen universities Wassell approached with his findings and his ideas for a GEC-oriented course. Early in 1977 he evoked from Professor William Gosling, now head of the School of Electrical Engineering, a reply both enthusiastic and ascerbic.

Yes, said Professor Gosling, I accept all your points about introducing industrial influence into the university-based working period. "Indeed, we have already done this." But no, he would not co-operate with GEC as one of a dozen universities all of which were trying to devise a course to satisfy the company.

"What you have done," Professor Gosling told GEC, "amounts to the conceptual stage of an invention; we now have to move into development and tool-up for production and that is by far the most expensive and time-consuming part of the process. We cannot undertake to do it speculatively." He proposed that GEC and his university should work together on the new degree. After all, he claimed, in electrical engineering Bath was the university of choice after Oxford and Cambridge.

GEC accepted his proposal and will be sponsoring the entire intake of about 30 sixth formers when the new course starts at Bath next summer. But this exclusivity is not intended as a permanent feature, either on the part of GEC or with the university, which wants to see others adopting the course it has carefully worked out.



Sandwich

Principal architect of the new course is Dr. Brian Bolton, of the School of Electrical Engineering, who is working with Rob Prescott, Bath's director of studies. It is a "sandwich" course lasting 4½ years—four academic years and 43 weeks of industrial training—and conferring upon the successful students a Master's degree. The novelty will be plain to the student right from the outset, for during his school-leaving vacation he will spend four weeks working with GEC-Marconi Electronics at Chelmsford.

Here he will be introduced to two basic concepts—"systems thinking," including the idea of the company itself as a system; and the design process, including the design of systems and of organisations.

Still within the four-week period of induction—the sceptic may say indoctrination—the student will be given an engineering project. He will have a "customer" to satisfy, facilities to have the product "made," "assembled" and "tested." "He will begin to see how products are bought, sold, designed, made—in a very simple way," says Hugh Wassell.

"It's really almost a simulation but in a real atmosphere," is how Dr. Bolton sees this introduction. But during his first year at university the student will have to tackle the same project in greater detail. In fact, the project will be a recurring theme throughout his course.

The main difficulty in drafting the course was to sort out with GEC what could be compressed into the time available and what had to be abandoned. "There was simply no way we could provide all GEC asked for."

But the discussion betweeen GEC and the university led to a better appreciation of the underlying weakness in present-day engineering education in Britain. This is its failure to equip the student to understand how what he knows relates to what he is expected to do. The graduate is spending his early years in industry learning just that.

Niche

The accompanying diagram shows how the students will sandwich 13-week spells in industry between their normal academic years. The first stint in industry will be devoted to the essentials of production, the second to commerce, the third to design—"going right back through commerce to production," says Wassell. But the course puts the teaching of principles back in the university—"where they can be got over by professional teachers."

Then, when the academic course is finished and the student has earned his first engineering degree, will begin a final six months in industry, on a project selected on the basis of the student's personal preference plus advice from both tutors and company. Ideally, this project will relate to the first job he will be offered on joining GEC. If possible, he will fit into a niche in a large engineering project the company is working on.

Industry, says Prescott, must produce the evidence that what it is teaching students is real engineering. Yet it obviously has difficulties in forecasting its workload for several years ahead and hence what it will be able to teach, when it sponsors a student. A lot of the industrial training in today's sandwich courses does not really stretch the student. It is done by people more accustomed to training craftsmen than professional engineers.

Moreover, adds Wassell, what the student gets on location are just "snapshots" of industry which may miss the all-important crises from which he would gain experience. "Students never really believe simulations."

Another thing the fledgling engineer finds baffling is the way factors other than those about which he has been taught prove to be more important than the technical solution to a problem. This is where the support technologies come in, to teach him that the technical solution may not be the critical factor in a decision by a company. A glance at the diagram shows how large the teaching of support technologies looms in the new course's structure.

The first 30 students will emerge from Bath's new course in the summer of 1984, to join GEC with first degrees for their final six months of industrial experience before gaining their master's. But during the final academic year each student will be earmarked for a job in GEC. Within six months of ending the course each should have a position of responsibility—"and a correspondingly high salary," says Wassell.

Blueprint

Not before 1981 will students sponsored by companies other than GEC join the course at Bath, in spite of requests to join from year one. But Bath sees this course as a pilot project it is particularly anxious to get right. The director of studies also wants to be able to draft a blueprint he believes other universities will take very seriously. Although it is not normal for universities to adopt each other's "tailor-made" courses, the report of the Finniston Committee this autumn is expected to show how urgent is the need for radical reform in the training of engineers in Britain.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Early redemption and CGT

In 1974 I bought some 10 per cent loan stock 1993-98 which the company, despite my objection, has repaid, involving me in capital gains tax. Can they do this?

The company could not insist upon early redemption unless the terms of the issue of the stock so provide. You would have to examine the terms of issue to ascertain whether you are bound to accept early redemption; however it is likely that such is the case.

Company buys own shares

Are quoted companies allowed to buy or otherwise acquire their own ordinary shares, or is this permissible only if the company's articles specifically sanction it? An investment company, A, because of take-overs of two companies in which it had holdings, finds itself holding about 90 per cent of its portfolio in company B shares. In turn B has acquired more than half A's shares. Is it therefore in order for B through its subsidiary A to hold over 400,000 of its own shares?

No company may purchase or give assistance for the purchase of its own shares, whether or not its articles of association purport to permit it. Section 54 of the Companies Act, 1948, and the rule in Trevor v. Whitworth 12 App.Cas.409. Provided B did not finance A's acquisition of B shares and A already held shares in B on becoming a subsidiary of B there appears not to have been a breach of the law. Otherwise there would be a breach of Section 27 of the Companies Act, 1948. (Section 54 of the Act provides for exceptions in the case of employees' share purchase schemes).

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No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PLASTICS

Shaped and finished in the mould

A METHOD of in-mould finishing of glass fibre-reinforced polyester mouldings, structural foam parts, and similar plastic components has been devised by Graco.

In this process, the moulding is hydraulically lifted clear of the mould to obtain a clearance of around 30 microns. A metered quantity of mixing coating material is then injected at high pressure by a pump between mould and moulding to form the coating.

The process is said to have advantages over conventional coating methods in that it fills declivities and pin holes.

Details can be obtained from the company at 113 Rue des Solets 94523 RUNGIS-Silic, France.

Improving the product

WORK IS progressing well in the group-sponsored project under PERA control to determine the influence of solid-phase or melt-phase compression forming on the properties and performance of finished mouldings when using thermoplastic sheet material.

Preliminary tests have started and are to be extended later to complex-shaped components and the more difficult-to-mould, high temperature thermoplastic materials.

Successful conclusion of the project will result in a process which improves ability to produce components having much greater variations in material thickness, without the presence of corresponding sink marks. Designers will thus have much more freedom to incorporate desirable characteristics in their products.

The process will also offer scope for the inclusion of long or continuous fibre reinforcement in thermoplastics and increased toughness in the finished product—which cannot be achieved by the conventional approach to plastics moulding.

Participating companies in the group are either materials suppliers or users. PERA is able to accommodate additional companies within the group and interested companies should apply for further information from the manager, Materials Forming and Treatments Department, R and D Division, PERA, Melton Mowbray, Leicestershire LE13 0PB. Melton Mowbray (0664) 4133 ext. 286.

COMMUNICATIONS

Orders will be heard

TALK-BACK system for the private yachtsman has been introduced by Barkway Electronics, Barkway, Royston, Hertfordshire (0763-84 666) and is said to be as easy to install as a car radio.

The point-to-point intercom/loudhailer is sold in do-it-yourself kits comprising a master unit and two speakers and costs around £150 (less VAT).

Maker says that its essential features, high quality sound and waterproof equipment, guarantee commands and answers will be heard correctly even in the worst possible conditions and the Sea Com also incorporates an alarm warning tone to alert other shipping in bad visibility.

The sub units can be fitted in the fore and aft positions of the boat and the system is designed for continuous operation and can be left on in the standby position for monitoring from lookout positions in bad visibility.

● TRANSPORT

Diesel engine speed control

ENTIRELY NEW, an all-electronic diesel engine governor is being marketed by the Cleveland-based control and instrumentation company, Servodyne Controls.

SEG 10/20 provides a very accurate and reliable control of the speed and power output of diesel engines by combining the advantages of electronic control techniques with the speed of a refined electrical actuator. The device is effective for use on diesel engines requiring control torques up to 20 lbs/ft at the governor output shaft.

The whole device consists of an electronic control unit which compares the actual speed signal with the desired speed, and generates an electrical signal to the actuator. The high response, low-inertia motor of the actuator is geared to the governor output shaft, and is capable of adjusting the fuel shaft of the engine to match the required load. The third part is a speed sensing probe—a small encapsulated device—which senses the rate of passage of the crankshaft timing gear teeth.

Claimed is that the precise control achieved by the system ensures consistency of operation within very narrow predetermined limits, minimising deviation under the most demanding operational conditions. The complete absence of moving parts in the control circuits eliminates drift or errors normally resulting from wear and friction in mechanical parts. Flexibility of electronic circuits enables a variety of facilities to be incorporated, if required, without major increases in cost.

The standard system provides a function range which includes basic droop speed control, isochronous control, multiple engine controlled load sharing and load measuring and feedback control.

Servodyne Controls, Forster Way, Teeside Industrial Estate, Stockton-on-Tees, Cleveland, TS17 9JY. 0642 593718.

Batteries last longer

AROUND 35 per cent more service life can be obtained from batteries between charges on fork lift trucks fitted with the new CSE-S tyre from Continental Tyre and Rubber Company of Coulsdon, Surrey.

This figure is indicated by results from tests conducted by a user manufacturer over the last two years, the company says.

Latest addition to a range of solid rubber and pneumatic truck tyres, this tyre has been designed specifically for fork trucks and foundry vehicles operating at speeds up to about 15 mph (25 km/h). It is a cushion tyre and can be fitted on the standard pneumatic rim, but being solid rubber requires no maintenance and is free from breakdown.

Continental operates from Ullswater Crescent, Surrey CR3 2HR. 01-668 2372.

● PRINTING

Crimps and collates

MEETING THE micro-inspired demand from the rapidly expanding continuous stationery sector of the printing industry, including in house print units, is the Mark III version of a Formaster Crimper-ollator from G. and E. Compton, Queens Road, Teddington, Middx (01-977 1011).

Its primary function is to collate individual packs of the sprocket-punched continuous forms required for data processing print-out into multi-part sets, interleaving with reel-fed one-time carbon and then crimping each set—all in one operation.

Three new major features include: positive lateral control and adjustment of the carbon feed rolls; variable speed foot pedal (permitting the operator continuous two-handed control of set folding; and alternative machine speeds.

Maker says the machine is extremely simple to set-up and operate, and removes many of the hang-ups that can occur in the finishing of continuous stationery to produce multi-part sets.

Apart from its main role in smaller print shops, it also makes an ideal secondary machine to handle runs of up to 1m in large finishing departments, and requires minimal maintenance.

● HAND TOOLS

Cuts stone or steel

MAJOR PROBLEM in using a power disc cutter is, of course, flying particles of dust, but this hazard is lessened with a tool which has an in-built water spray system to damp down and trap the dust, says Western Machinery and Equipment Company, Ivybridge, Devon (075-54 2375).

Equipped also with two large air intake cleaners—which are said to give greatly superior protection to the engine—and electronic ignition, the Jonsereds MK-70 is provided with two types of cutting wheel, one for steel and other metals, and the other for stone, concrete, asphalt, etc. Cutting heads can be rotated for offset cutting close to walls and the wheel guard can be quickly set at different cutting angles.

Weight of the tool with empty fuel tank amounts to 26 lb and diameter of cutting wheel is 12 inch.

Optional equipment includes a diamond cutting wheel for longer service life and considerably faster cutting; increased water flow system; accessory service case for fuel can, tools, etc.

By road to Germany

COMPANIES which send single items or small quantities of high-cost goods by road to Frankfurt are being offered a new service by Cave Wood International Transport.

The service has been set up under an agreement with Rhenus WRAG A.G. and initially there will be two departures weekly in each direction. Rhenus has warehouse and customs facilities in Frankfurt and operates its own fleet of vehicles for distribution of goods in the surrounding area.

Cave Wood's headquarters are in Coronation Road, High Wycombe, Bucks.

● MATERIALS

Conductive adhesive

MOST MATERIALS can be bonded together with the aid of Eccobond 60L, a two-part conductive adhesive, claims Emerson and Cuming (UK), Colville Road, Acton, London, W3 (01-992 6692).

Used for general-purpose bonding where electrical conductivity must be maintained, the resistance through a thin film (about 0.08m) of the material is less than 5 ohms. It can, therefore, be used even in some electronic circuitry applications.

In making metal-to-metal joints, as in a cabinet, where radio frequency leakage must be eliminated, the adhesive makes the mechanical bond and the electrical seal.

Its high thermal activity is said to make it useful in heat dissipation applications.

● DATA PROCESSING

UK market analysed

PEDDER Associates' 8th annual census of computer systems installed in the UK is available but has undergone a sea change.

It reveals a total installed base at the end of 1978 of 83,537 systems, an increase of 12,237 compared with the previous year-end.

Most of this increase, 8,634 systems, has taken place in general-purpose computers, with the lion's share occurring in systems valued at £30,000 or less.

General-purpose computer figures are analysed in nine value brackets ranging from under £5,000 to over £1m. Special-purpose systems are divided into data entry, terminals and other processor-based systems.

Value of the installed base of general-purpose systems was £2,971m out of a total installed value of £3,356m. In spite of the large increase in the numbers of small systems installed, the biggest-valued single class remains that of systems costing £½m to £1m (£1,021m). Thus the big mainframe market is far from dead.

Eleven manufacturers share this sector of the market led by ICI and IBM with 48.3 per cent and 31.2 per cent of the value of the installed base respectively. IBM dominate the market for systems valued at £1m and above, having more than half the total base followed by ICI with 17.2 per cent.

Apart from very small micro-based systems where the number of suppliers offering equipment in the UK market is increasing almost daily, the most competitive area lies in systems costing £15,000-£30,000. The installed base of such systems at the end of 1978 was provided by 42 suppliers, no one of which had a share of greater than 11 per cent. At the same time the number of systems installed (6,478) was some 3,500 less than might be expected by following the general argument that the cheaper the system, the larger is the potential market. Would-be users are clearly confused by the breadth of choice available to them.

Taking all sectors of the market into account, IBM remains the market leader with a 27 per cent share by value. ICI's share as runner-up has slipped from 26.2 per cent at the end of 1977 to 24.7 per cent. While Burroughs and Univac have gained slightly in market share, the general trend among other major contenders such as Honeywell, DEC, NCR and GEC has been downwards in terms of share of the installed base. With the ever increasing number of smaller suppliers nibbling at the major manufacturer's market, the current trend is naturally towards smaller shares all round. Those who have reversed this trend have done particularly well.

These are some of the conclusions on the UK computer market available in the report at a cost of £475.

Peddot Associates, 51, Portland Road, Kingston, KT1 2SH. 01-549 7631.

KD20

● HEATING

Losses up the flue lessened

SIMPLE IN concept, a device by a German company will save users of oil-fired and gas-fired heaters a very welcome 10 to 20 per cent in consumption without reducing comfort.

All it does is to block off the flue from the heater as soon as the burner has been turned off, under thermostat control.

As a result, draught in the chimney is sharply reduced, the flow of relatively cold air into the burner chamber stops and the cooling down of the chamber is considerably slowed. This means reignition — with simultaneous reopening of the flue register—will be retarded and a substantial proportion of the residual heat will be absorbed by the water rather than disappearing up the flue.

The device has already been approved by the appropriate safety authorities in Germany and Belgium and is extremely simple to fit to flues with diameters from 8 to 25 cm; more if required.

The Belgian group EMBA is marketing this SID product from Germany in its own country, as well as in Holland and France and is seeking a representative in Britain.

EMBA Technic, Zeevaartstraat 2, B-2000 Antwerpen, Belgium.

LOMBARD

We don't know our luck

BY DAVID LASCELLES

BRITISH BANK customers who complain about poor service at their local branch should keep their accounts at an American bank for a month or two. They'd soon learn what bad banking is all about.

Consider this: New York's largest bank was recently ordered by the courts to pay back over $3m to its customers. The bank had obtained this not inconsiderable sum by levying a 50 cent penalty each time a master charge cardholder (equivalent to Access) paid his bill on time. Not late. On time. It justified this bizarre practice by claiming that it did not earn any interest on promply-paid accounts, and should be compensated in some other way.

Arrogant attitude

This extraordinarily arrogant attitude was bad enough. But even more indicative of the general problem was the resigned reaction of the public: what more do you expect of a bank?

For the fact is that U.S. retail banking is surprisingly, indeed unbelievably, bad. The banks are disdainful of the public, they offer few if any services beyond cheque cashing and clearing, and their operations are totally impersonal.

For instance, the standing order is virtually unknown in the U.S. People who have to make regular payments like rent, life insurance, subscriptions (i.e. pretty well everybody) must send off their cheques themselves and remind themselves to do it in their diaries.

There is no bank giro. If Mr. Smith wants to pay Mr. Jones $100 he has to give or send a cheque for this amount to Mr. Jones to pay into his bank, a long and cumbersome process compared to the flexibility and convenience of the British giro system. Similarly, the idea of a company paying its employees' salaries directly into their bank accounts is wholly alien. As a result, the banks are choked with depositors at the end of each week and month.

Direct debits are not only unavailable. Nobody has even heard of them.

Overdraft facilities are considered to be a great privilege, available only to those who fill in a form containing 34 questions (including the year and model of car owned) and submit to credit screening. If a customer has no overdraft but writes a cheque for more than he can cover, it is—as someone recently put it—like diving into an empty swimming pool, there's no "give."

The banks claim to be deeply concerned about what they recognise to be the poor state of retail banking. But they are doing little to improve it.

Some have installed expensive electronic machinery outside their branches which enables the customer to draw or deposit money and inquire about his balance simply by inserting a plastic card into a slot and punching out a code number. But though many of these terminals are open 24 hours a day, they merely improve access to a system which is as bad as ever.

The big excuse is that retail banking in the U.S. is not profitable, and that the huge investment needed to develop services like Giro and standing orders is beyond the banks' means. This, in an industry with $700bn in assets, and in a country which leads the world in electronics and automation! Lack of funds did not prevent citibank from spending over $150m on electronic machines which only marginally improved its services. The unprofitability argument is also puzzling in view of the fact that U.S. banks are forbidden by the Fed. to pay more than 5 per cent on regular savings accounts, but can lend this money out at 10 per cent and more.

Error-prone

But perhaps it is not all the banks' fault. Although they do little to foster the trust and affection of their clients (few of whom have even heard the term "bank manager"), they also have to do battle with the American public's deep-rooted suspicion of banks. To many people standing orders or direct debiting are an abdication of control over one's personal finances, and an invitation to a rip-off by the error-prone banks.

Even so, the primitive state of U.S. retail banking is paradoxical in a country which claims to lay so much store by money, efficiency, and progress. And it is rare that one can look at Americans and wonder if they know what they are missing.

A late summer change of heart

GARDENS TODAY

BY ROBIN LANE FOX

AT THIS time of the year, other people's gardens fill me with regret. It is not that most of them have things which I no longer grow: marigolds, lobelia and fat clumps of white alyssum. But they all have something which I have never grown or placed so well. I refer to their late summer clematis, something which I would allow no new garden to miss, whether in a town or the countryside.

Mine have been hidden away, lost among tall evening primroses or allowed to starve. This autumn marks my change of heart; which, then, would I buy first out of those I have urged on others over the years?

Disease-proof

My first choice would not be conventional. It would not look its best up a high wall nor is it ever difficult or unobliging. Clematice jouiniana is still not well known. It is a hybred and it does not cling. One of its parents was the old man's beard of the few English hedge rows which farmers have still felt unable to violate. Hence, it is strong-growing and quite immune to disease.

There is a good case for old man's beard itself, in wild corners of a garden or orchard on a lime soil and it grows heartily up trees and across ugly sheds. But jouiniana is a more civilised means of enjoying it without the same rampancy.

Its other parent was a blue-flowered herbaceous variety so it will grow very prettily over a wall or a low trellis at the height of four or five feet. In a big border it can be very pretty if you build it a frame of wire netting and allow it to sprawl over it and form a mound about four feet wide and high. But it is even better if you place such a mound on its own.

I was first won over to it by a pair planted in two oblong beds at either side of a wide flight of steps. They were growing over a frame and were covered with grey blue flowers in late August. The flowers are coloured like almost nothing else except one peculiar campanula's slate-blue with cream white at one and the same time.

Put all thoughts of the large flowered clematis out of your mind. Jouiniana has tiny flowers in profusion each of which is shaped like the letter "X." But their quiet colour is always noticed. The herbaceous blood in its heavily leaved stems causes it to spread out vigorously.

You could grow it prettily over a low tree stump, on a bank by steps or across a front garden wall. I have seen one at its best on the iron steps into a London back garden, another as good on the low surrounding walls of a country swimming pool. Though I have never tried, I presume that you could divide it like a border plant in winter.

If you want to grow it vertically, be warned that it likes to send long creeping stems out horizontally from its root-stock and is an untidy neighbour for any low shrubs at its foot. If, however, it falls out over paving it is very fine. The season lasts from mid-August until October, a time when subtle colours are not abundant.

Myself, I prefer this one to almost all the yellow fired varieties which come out at a similar season. They are beset with problems for the unwary and disappoint many eager gardeners who are lured into them. Their names read so attractively — Orange Peel Clematis, Tibetan Yellow or Chinese Lantern. They can be raised quite freely from cuttings so they find they way into bargain offers and chain stores.

Never risk a Yellow clematis from anyone but a specialist. Treasures of Tenbury Wells, Worcestershire still lead the field and can tempt you with a selected yellow variety of their own. Untried sources will probably sell you a vigorous grower which flowers very sparsely. There are fine distinctions of name here so be warned.

Only two are worth considering. One of them should only be bought—under a name which looks like the latest coding from the VAT computer—Orientalis L&S 13342. L&S stands for Ludlow and Sheriff though kings of the Tibetan Flora chose this variety because it was so handsome. Better nurserymen list their common old stock as Ludlow's or Sheriff's when it is neither.

The true form under a number, has delightful leaves which are quite freely borne. They are very finely cut and sea-green. But they tend to take over and deny you the flowers. These do not resemble orange peel but lemon rind, a cardinal point which deceives many unprepared buyers. The colour is thus a pale lemon shown on four sepals which seem as thick as the skin of a lemon's fruit. Among the delicate leaves the rounded buds and chunky flowers are most conspicuous.

Until this year I was growing a good one partly because I never pruned it and disturbed its crop of flower. Books sometimes show how it will flower profusely on a shaded wall but I retain a firm impression that the best plants I know were all of them on a west wall or more. If you cut it about, your decrease the crop of flower. Leave it alone and hope only that a very severe winter does not combine with other complaints to dispose of it.

Mine has now died perhaps from the acute frost but not before it made me want another one for the small lemon hanging flowers. The ordinary unnumbered orientalis is the colour of an orange which helps to sell it. But it is far less interesting. Innocent gardeners often end up with it, so resist those tempting bargains.

The lemon clematis does not bear the silky seed heads which resemble our own old man's beard. This, too, can be a disappointment as the other good yellow clematis is thick with them and gardeners want them once they have seen it thriving. Here, the one to buy is Tangutica with even tougher plants than the lemon one and certainly worth a tall wall. It grows freely and may reach a height of 15 feet even in shade.

The canary-yellow flowers are longer and not like any fruit's peel. They are borne among the pretty seed heads which stand like a silk web round them. I find it quick-growing even in shade, and a very good buy. Wise gardeners would store some seed off any plant they saw.

Sown in spring in gentle heat the seedlings would be well away by autumn, perhaps even bearing their own flowers.

Complications

There are other complications, not least a cross between the two which is sold by Treasures as their own Burford Seedling. Other people's plants of this one flower freely and grow very strongly. It tends to the orange peel group in its depth of colour and thick sepals. Some gardeners think it the best of both worlds and you should choose it if you want to play safe. But my eye prefers a well grown L and S form in flower.

Though I put jouiniana above all these as a garden plant, I wish that I was not caught without a yellow during this autumn. None is a trap once you've settled in—no pruning, no absolute need for feeding, no disease. They are as simple as the big purple-blue Jackmanii, the autumn clematis which every trellis puts first. With their hint of the hedge rows and wild alpine pastures I think them less showy, but no less good.

Cash boost for Panama series

RACING

BY DOMINIC WIGAN

THE PANAMA Cigar Hurdle Series will carry an extra £6,000 in prize money for the 1979-80 National Hunt season, *following the decision of the* sponsors, John Player and Sons, to increase the value of the 12 qualifying races from £1,500 to £2,000.

With an extra £10,000 for the final, to be run at Chepstow on Saturday, March, 8 the total value of this important series for young hurdlers will be £33,000.

The conditions for the qualifiers remain unchanged, but the number of races run before the end of the year has been increased from five to seven, and the series will start three weeks earlier than usual.

The opening race will be run at Kempton Park—a new venue—on October 27. Another course staging a Panama Cigar qualifier for the first time is Cheltenham, where the race forms part of the Bank Holiday programme on New Year's Day.

In today's flat racing, the most informative event could be Salisbury's Bulford Stakes, in which Major Martin, Rama Tibodi, Mephisto Waltz and Pink Blues will all be trying to follow up recent victories.

Major Martin, trained locally by Henry Candy, is likely to be many people's choice. This bay colt by Decoy Boy out of Yasmin, followed up a fourth-placed effort behind Jester's Boy in the Myrobella Stakes here on July 14 by beating Vicarage Lad in a maiden event over five furlongs at Wolverhampton.

Mephisto Waltsz, a grey daughter of Dancer's Image, beat Go Lightly over six furlongs at Brighton a day after Major Martin's success. Rama Tibodi, a son of Amber Rama, had more to spare over the minimum distance on hard ground at Bath on July 30.

Although those three have serious claims I shall be relying on Newmarket's principal challenger, Pink Blues.

SALISBURY

2.00—Marstain
2.30—Pink Blues***
3.00—Prince Of Sheba
3.30—Pit Your Wits**
4.00—Carey's Choice
4.30—Gimri
5.00—Admiral Blake

CATTERICK

2.15—Eight Times
2.45—Aperture
3.15—Croft Close
3.45—Solo Reign
4.15—Sharp Point
4.45—Melaleuca
5.15—Stanwick Maid*
5.45—Mari Quest

TV Radio

† Indicates programme in black and white

BBC 1

6.40-7.05 and 7.30-7.55 am Open University (Ultra high frequency only). 9.30 Magic Roundabout. 9.55 Jackanory. 10.10 Don and Pete. 10.15 Desert Adventure. 10.40 Take Hart. 1.15 pm News. 1.30 Barnaby. 4.13 Regional News for England (except London). 4.15 Play School. 4.40 King Cinder. 5.10 Wildtrack. 5.35 The Wombles.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 The Wonderful World of Disney.
7.10 Where Are They Now?
7.40 Sykes.
8.10 The Omega Factor.
9.00 News.
9.25 Lena's Music.
10.00 Come Dancing.
10.40 Medical Express.
11.10 The Music Makers.
12.10 am Weather / Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 11.10 Edinburgh Festival '79 (interview with the new director, John Drummond). 11.40 News and Weather for Scotland.

Wales—5.10 pm Siangdifang. 5.25-5.35 *Dan A'r Deinosor.* 5.55 Wales Today. 6.15-6.20 Newyddion. 7.10-7.40 Pawb Yn Ei Fro. 10.40-11.10 Troi'r Dail. 12.10 am News and Weather for Wales.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.10 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School (as BBC-1 4.15 pm).
4.50 pm Open University.
6.55 Adventure.
7.45 Mid-evening News.
7.55 Mother Nature's Bloomers.
8.25 Seven Artists.
8.55 My Music.
9.20 Young Musicians of Europe live from Berlin.
10.45 Athletics from Zurich.
11.30 Late News.
11.45 Closedown reading.

LONDON

9.30 am The Living Body. 9.45 It's More Life. 10.05 Talking Bikes II. 10.30 Dick Tracy Cartoons. 10.45 Family. 11.35 The White Stone. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 Emmerdale Farm. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus At Home. 2.25 General Hospital. 3.20 About Britain. 3.50 Definition. 4.20 Michael Bentine's Potty Time. 4.45 Enid Blyton's Famous Five. 5.15 Batman.

5.45 News.
6.00 Thames News.
6.05 Father Dear Father.
6.35 Crossroads.
7.00 Don't Just Sit There.

IBA programmes are subject to interruption due to industrial action

7.30 Coronation Street.
8.00 The Big Top.
9.00 The Moonies.
10.00 News.
10.30 Border Country.
11.40 Crits.
11.55 Barney Miller.
12.25 am Close: Cyril Shaps reads his personal choice of poetry.

All IBA Regions as London except at the following times:—

ANGLIA

10.20 am The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 11.55 Cartoon Time. 1.25 pm Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.40 Power Without Glory. 12.40 am The Big Question.

ATV

9.15 am Something Different. 10.30 Here Comes Mumfie. 10.40 The Nature of Things. 11.35 The Lone Ranger. 1.20 pm ATV Newsdesk. 2.25 The Love Boat. 5.15 Father Dear Father. 6.00 ATV Today. 11.40 Have Girls, Will Travel.

BORDER

10.35 am The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 11.50 Cartoon Time. 1.20 pm Border News. 2.00 Houseparty. 5.15 Oh Boy! 6.00 Lookaround Wednesday. 11.40 The Andy Williams Show. 12.10 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 5.15 Little Vic. 6.00 Channel News. 6.10 Talking Bikes. 10.28 Channel Late News. 11.40 Sidestreet. 12.35 am News and Weather in French, followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 10.35 The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 11.50 Cartoon Time. 1.20 pm Grampian News Headlines. 2.25 Family. 5.15 Wild, Wild World of Animals. 6.00 Grampian Today, Farming News. 6.15 Laverne and Shirley. 11.40 Reflections. 11.45 The Child Wants a Home. 12.15 am Grampian Late Night Headlines.

GRANADA

10.30 am Tarzan. 11.15 Clapperboard. 11.40 The Beatles. 1.20 pm Dick Tracy. 5.10 Felix the Cat. 5.15 Crossroads. 6.00 Granada News. 6.05 The Rohde Reports. 6.30 The Squirrels. 11.40 SWAT.

HTV

10.30 am The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 11.55 The Very Ugly Duckling. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales 6.30 'What' On Next? 11.40 Celebrity Concert.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 'Rydw I Am Fod. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.00-6.30 Report West.

SCOTTISH

10.30 am The Adventurous World of Sir Edmund Hillary. 11.00 Runaround. 11.25 The Southerners. 11.50 Cartoon. 1.25 pm News. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today—Summer Extra. 6.30 Talking Scots. 11.40 Late Call. 11.45 The Entertainers.

SOUTHERN

10.35 am The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 11.50 Melotoons. 1.20 pm Southern News. 2.00 Houseparty. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South-East Area only). 11.40 Southern News Extra. 11.50 George Hamilton IV.

TYNE TEES

9.25 am The Good Word, followed by North-East News Headlines. 10.30 The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 11.50 Cartoon Time. 1.20 pm North-East News and Lookaround, and Where the Jobs Are. 5.15 The Brady Bunch. 6.00 Northern Life. 11.45 Police Woman. 12.40 am Epilogue.

ULSTER

10.35 am The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 11.50 Cartoon. 1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 The Sound of . . . The Settlers. 6.30 The Flintstones. 11.40 Pilgrimage. 12.05 am Bedtime.

WESTWARD

10.35 am The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Little Vic. 6.00 Westward Diary. 10.28 Westward Late News. 11.40 Sidestreet. 12.35 am Faith For Life. 12.40 West Country Weather, Shipping Forecast

YORKSHIRE

10.30 am Moby Dick and the Mighty Mitor. 10.45 Alright Now. 11.10 Young Ramsey. 1.20 pm Calendar News. 5.15 Out of Town. 6.00 Calendar (Emley Moor and Belmont editions). 11.40 The Odd Couple. 12.10 am The Entertainers.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m

3 1215kHz/247m & 90-92.5vhf stereo

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio:

RADIO 1

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BBC Radio London

London Broadcasting

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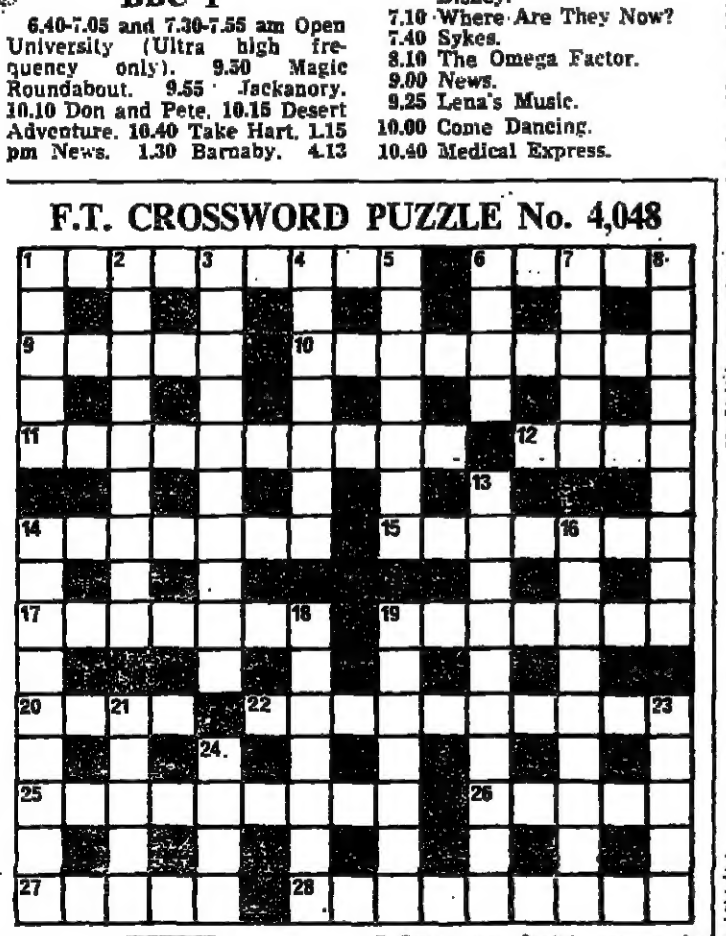


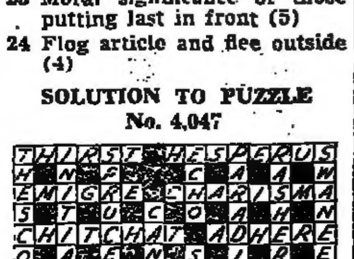
ACROSS

1 Deer with fur cut off needs stimulant (9)
6 Inform about drug (5)
9 Meat round the north for sale (5)
10 I'm to instigate union-leader on the spur of the moment (9)
11 What painters do to present a medal again (10)
12 Clothing that motorists get into (4)
14 Suspended cleric about to fish (7)
15 Funny mica in mountain pass (7)
17 Succeed in putting clergyman in bucket (7)
19 Intimation that it could be putting writing material about learner (7)
20 Listener left nobleman (4)
22 Stroke weight, a criterion for testing gold (10)
25 Wrongly ban result of junior officer (9)
26 Good man in tree could be imitative (5)
27 Hinder the Spanish within 24 hours (5)
28 Not spotted and without blemish (9)

DOWN

1 Gas surplus is to remain suspended (5)
2 Telephone over spring event in ball-room (4-5)
3 Vessel making sailor vault (4-6)
4 Red rose I arranged without right and surrounded with twigs (7)
5 Open up facial spasm in favouring the family (7)
6 To travel over desert initially could be excellent (4)
7 Enough for politician in drink (5)
8 Position at Lords for conservative member (6-3)
13 Dries food in chimney (5-5)
14 Dispirited journalists in action (9)
16 Ladies' dress supporter has little credit in circular letter over stock in hand (9)
18 Feline left one on eastern ship (7)
19 Enrage in unusual scene (7)
21 Rise with band-leader in dance (5)
23 Moral significance of those putting last in front (5)
24 Flog article and flee outside (4)

SOLUTION TO PUZZLE No. 4,047



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CINEMAS

ART GALLERIES

THE ARTS

Television

All our yesterdays

by ARTHUR SANDLES

For the 13m or so summer followers of *Coronation Street* August is developing badly. The *Street* and *Crossroads* are two of the few fixed televisual points which remain for the summer viewer, and now they too have been removed from our screens. Even without industrial disputes August is the time for holidays and for television to turn its equipment to *auto-pilot. Seemingly* untouched by human hand the computer sends out repeats of old favourites to keep those of us who remain at home contented.

Television slackens pace in August as the audience drops. Twelve millions viewers will get you into the top five shows, a couple of a million fewer than *are needed just a few weeks* earlier. The fall seems to take the edge off the programme companies as if television itself were taking a breather before the battle of the autumn schedules.

But all this is not necessarily a bad thing. The summer months give us a chance of seeing programmes infuriatingly *missed in months*, or even years earlier, August has so far thrown up a repeat diet varying from *Abigail's Party* to Spike Milligan in *Q7*, from *The Silent Witness* examination of the Shroud of Turin to re-runs of *It Ain't Half Hot Mum*.

Abigail's Party is the re-run that has received greatest attention. The tale of a group of suburban adults sharing uncomfortable cocktails while the child of one of their number throws a party next door was one of social horror. The root of its appeal rested not in the writing or the production, impressive as they might have been, but in the fact that here was revealed the hidden skeleton in the cupboard of many lower middle class go-getters. Too mature for flying ducks but not yet into stripped pine our awful fivesome stumbled deeper and deeper into their grotesque social mire. Today's crime involves neither money nor violence, but not knowing ragout from ratatouille. It was not just a case of disliking Beverley and Ange (Alison Steadman and Janine Duvitski) it was the worry that in some small, insidious way we might be like them. How far are any of us from that dreadful world that Mr. Robert Robinson so despises, a world populated by people who wear car coats and call each other Squire? I even have an acquaintance who reckons you can tell whether or not the hostess is socially acceptable by the way she slices vegetables.

If *Abigail's Party* was something worth staying up for, last *week's session of The Persuaders* proved to be a sad waste of a summer evening. Reporter Charlotte Allen was twice reprimanded by one adperson for the type of questions she was putting to her victims—"That's a naive question"—leaving the viewer in the uncomfortable position of being sympathetic with the comment and appalled at the lack of televisual technique on the part of the interviewee, who is supposed to be skilled in communicating. Offered an insight into the rough and tumble of advertising life, we were instead treated to a Peeping Tom look at how money goes to admen's heads. Ms. Allen was clearly amazed by this discovery and we never got through the gift wrapping to the meat of the subject.

Let's hope that this week's effort (Thursday, BBC1, 8.30) has a little less of the gushy "oohs" and "ahhs" and a little more about the differences between promotion, persuasion and manipulation. If I am receiving the message of this series aright, the first is considered acceptable, the second debatable, and the third is definitely the unacceptable face of marketing.

There are probably more people willing to leap to the defence of the advertising in*dustry than would jump to their* feet to offer any support for the killing of whales. *Inside Story* (BBC2, Monday) told a straightforward tale of the campaign against whale hunting.

So low key was this programme that I suspect for anyone not actually appalled by the slaughter of whales, or possibly by the antics of the anti-whalers, it was not particularly riveting. So let me admit to commitment. Killing and eating whales is a bit like killing and eating champanzees or dolphins—a bit too near home for my taste. And if that were not enough we seem on the point of eliminating a somewhat spectacular companion on this earth of ours (theirs?). Quietly, but effectively, the point was driven home. What bothered me about my own reaction was that so huge were the carcases involved that the cutting up of portions for the Japanese deep freeze market lost all sense of repugnance.

It is difficult to look back on this week from a viewpoint over the top of a typewriter without having a quiet snipe at television's coverage of itself. When Fleet Street has industrial problems, television loves to indulge in lengthy analyses of "the story they dare not print." Well now the dispute boot is on the *other foot and the BBC has not* been quick to give us a detailed look at the rival arguments. Indeed there have been times when, if you relied on television as the main source of information, you might have been unaware that the most popular channel of all was off the air because there is an industrial dispute. The little blue and white notice ITV itself is displaying does not tell us, and the BBC news has been vague to the point of mysticism.

The fact is, of course, that television is too close to itself to discuss itself, just as newspapers, no matter how well intentioned, are bad at self-examination.

So, for this piece of domestic news at least, the British viewer will have to turn to his newspaper, a rather slimmer newspaper than usual too—after all, it is August.

● *Chris Dunkley is on holiday.*

Trevor Humphries

Some party—Janine Duvitski, Tim Stern and Alison Steadman in the original stage version of "Abigail's Party" which has now enjoyed two television showings.

Albert Hall/Radio 3

BBC Scottish

The BBC's regional orchestras, always welcome at the Proms, are doubly so when they bring good programmes. On Monday, under Simon Rattle, the BBC Scottish Symphony Orchestra played *Tapiola* of Sibelius, the 10th Symphony of Shostakovitch (what giant helpings of Scandinavian and Eastern European music we are having this season!) and, in honour of the composer's centenary, which fell on Monday, Ireland's Piano Concerto.

One can see why this concerto became a favourite in 1930 and for many years later. Even the most insular ears could perceive that it was gratefully written for the piano, that there was genuine English sentiment in the slow movement with tears only just held back, that there was a saucy whiff of jazz in the finale. There was also possibly not so evident at the time, a good deal of affectionately remembered Ravel. This tells against Ireland now, if only because one unfairly expects the score as a whole to have the ultra-classical formal polish of the French master's almost exactly contemporary G major *Concerto*. Of course it hasn't. But Ireland has enough personality and half-apologetic skill for the concerto to deserve revival.

The slow movement sounds now like a heartfelt adieu to everything the 'thirties were going to destroy. "Is there *honey still for tea?*"—*there is*, but when it comes, it is hard to *tell from golden syrup*. The finale on the other hand came up well, thanks in large measure to the excellent playing of the soloist, *Philip Fowke* (whose tone sailed out through the hall with exemplary clarity), but also to Ireland, who worked in his two slow episodes with a deftness that avoids the usual cow-looking over-the-gate effect that debilitates much pseudo-symphonic English music of the time.

Ireland's modest success was nearly driven out of mind by an impressive performance of the Shostakovich Tenth, surely the *Don Carlos* among his symphonies, full of gloomy grandeur, strong muscle, big statements, complex private emotions, controlled for reasons not entirely connected with private life. One mustn't push *the comparison too far*. Although there is an accidental near-quotation, there is no burning of heretics (there could have been, one feels), but the finale provides some equivalent to Eboli's chatter, to the exchange of masks and the divertissement.

London has heard more technically assured performances of this symphony (the flutes and piccolos found some of the soft, high writing difficult), but the fire of the climaxes and especially the brutal force of the second movement were splendidly realised by Mr. Rattle and the orchestra. *Tapiola* was not quite in their grasp. There was plenty of arresting detail but not a firm enough *sense of organic growth* or enough chilly resonance. All the same, the final pages came off nobly.

RONALD CRICHTON

Elizabeth Hall

Vermeer Quartet

Not everything in Monday's concert by the Vermeer Quartet wholly escaped the somewhat makeshift air of the 1979 South Bank Summer Music series, of which the recital formed part. The Ravel Introduction and Allegro, in which the septet was completed by Nancy Allen (harp), Eugenia Zukerman (flute), and Anthony Pay (clarinet), was played rather than explored. The notes were all firmly stated, and individual contributions (notably those of the excellent young American harpist) hinted at a sensitive awareness of the peculiar combination in the music of langour and instrumental fine-pointing. But there was little attempt at sustained atmosphere — when the work has been fully and lengthily rehearsed, subtle nuances of phrasing and myriad variation of texture and colour can be relied upon to come through. In this performance, plainness ruled.

Substantial amounts of Mozart chamber music framed Ravel. The evening should have *begun with the D major string* quartet, K.499; there was no warning of any kind to herald its transformation into K.575, in the same key. On several counts, *this unannounced change was a* discourtesy to the audience, not least to those of its members new to both works who were set puzzling over inexplicable discrepancies in Robin Golding's unexceptionable programme note. In the performance itself, on the other hand, there was little to quibble over and much to praise. The Vermeer *boast a superbly just ensemble*. The style of their Mozart, dictated perhaps by the extraordinary purity and rigour of Shmuel Ashkenasi's first violin, balances light and limpid sonority, rhythmic energy, and emotional keenness. By the time the third movement had been reached, a slight reticence had disappeared, leaving the listener free to *rejoice in the classical virtues* of the playing.

In the G minor string quintet, K.516, after the interval, the second viola line was supplied by Nobuko Imai, formerly the Vermeer's violist proper, whose large, lovely tone, strong and supple as the best Florentine leather, added the sort of unobtrusive richness that Mozart's *second viola parts always want* and very seldom get. The whole performance was of the highest quality.

MAX LOPPERT

Venice under the camera

by WILLIAM WEAVER

Cameras are hardly unfamiliar in Venice. In fact, it is difficult for the visitor to cross Piazza San Marco without ending up in somebody else's family group, and Venetian shopkeepers must sell as many rolls of film as post cards of the Grand Canal at night. But this year the camera in Venice has taken on a new, special significance: it is the protagonist of the city's largest, most discussed cultural event. Under the general title "Venezia '79—la Fotografia," the city has made itself — until mid-September — the photography capital of the world. Jointly sponsored by the city administration and Unesco, with the collaboration of the International Center of Photography in New York, "Venezia '79" includes exhibitions, lectures, workshops, and symposia. It has also encouraged, directly or indirectly, various publications concerned with photography and several other photography shows in private Venetian galleries.

There are a couple of dozen official exhibitions in six different places. They need not be seen in any particular order, and so I started with the first one I came upon: a representative selection of works by W. Eugene Smith and Robert Capa, two photographers largely associated with Life magazine, especially during the war years (Capa, famous for war coverage from Spain on, was killed by a land-mine in Indochina). In a stark, brick-walled storeroom behind Palazzo Fortuny, the well-chosen *photographs* were very simply displayed, and—unfortunately — very poorly lighted. Poor lighting was a characteristic of many of the exhibitions, oddly enough.

In the foyer of Correr Museum and the adjoining Napoleonic wing, I saw there a fascinating retrospective of Count Giuseppe Primoli, a fin de siècle amateur who worked largely in Rome and in Paris. It was a shock then to move from Primoli's fox-hunting Roman aristocrats and glamorous actresses to the next room, housing a generous show of Lewis W. Hine, beginning with his haunting, harrowing photographs of immigrants on Ellis Island in 1904, then continuing with the equally moving series of child labourers and, finally, the exhilarating photographs of the construction of the Empire State Building.

The Napoleonic Wing also houses small but coherent one-man shows of Eugène Atget, Stieglitz, and Francesco Paolo Michetti (an Abruzzese painter, born in 1851), as well as selections from the Stieglitz collection and from the even more eclectic, wide-ranging collection of Sam Wagstaff. The two collections come as a relief. One-man shows, even of the greatest photographers, are often on the borderline of monotony; the heterogeneous collections allow a greater variety: Wagstaff's walls have room for a sober Abraham Lincoln at Antietam (photographed by Alexander Gardner) as well as for the Marlene Dietrich of Beaton or the Taormina youths of Baron von Gloeden.

The same mixture of individual shows and group shows gives vitality to the exhibitions in the central pavilion of the Gardens of the Biennale, where Diane Arbus is next to Robert Frank, Henri Cartier-Bresson, Edward Weston, and another member of the old Life staff, Weegee (whose on-the-scene reports of murders and arrests now seem curiously cheap, small-minded). One of the group shows here is devoted to colour photography, which—after rooms and rooms of black-and-white — explodes, suddenly garish; but again the installation (the pictures are a jumble) and the lighting may be a fault. The catch-all title "Images des Hommes" allows the organisers to lump together a whole batch of artists, ranging from the famous (Werner Bischof, Brassaï, August Sander) and the less well-known (the gifted Italian Mario Giacomelli, for example). There is also an immense, somewhat repetitious Latin-American exhibition, a Japanese show, and a delightful, uncategorical series of dance photographs.

In the Palazzo Querini Stampalia, a show called The Land; on the island of San Giornio, another called Exploration of a Medium (the medium is Polaroid, the show was obviously commercially inspired and, though excellent, was roundly criticised by some purists). And in the former salt warehouses, the Magazzini del sale, on the Zattere, some more catch-all shows: Contemporary Italian Photography, Contemporary European Photography, Contemporary American Photography.

Of course, after a while, the poor old eyes glaze over; they refuse to examine any more sand dunes, ploughed fields, waves. One has the impression after several days of visiting these shows that the photographer's repertory is remarkably limited: the same themes crop up again and again, decade after decade. Even Edward Weston's close-up of a red pepper has its descendants. And when it isn't the phenomena of nature, it is the phenomena of human nature: homes for the aged, mental hospitals, outcasts Diane Arbus made transvestites chic, and now there is hardly a western country that doesn't have its official transvestites photographer (Italy's is Lisetta Carmi, and she is very competent).

According to all calculations there has never been such a vast conglomeration of photography shows before, anywhere. And, repetitious or not, they are illuminating, essential. After leaving Venice, in the bliss of solitude, the inner eye can linger on the pictures that refuse to fade: Stieglitz's portrait of Georgia O'Keeffe against the rear window of her Ford (1929), Cartier-Bresson's famous Spanish children beyond a shattered wall in Seville (1933), Eugene Smith's Spanish spinning woman (1951), her body caught in a centuries-old movement, Diane Arbus's smug little prize-winning dancers (1962).

The exhibitions are only the most obvious and most accessible part of "Venezia '79—la Fotografia." The workshops, conducted by eminent photographers from all over the world, have perhaps an even deeper significance. Here are a few names and titles: Philippe Halsman, "Psychological Portraiture;" Lee Friedlander, "Snapshot Aesthetic," Ernst Haas, "Colour and Light;" Christopher Broadbent, "Introduction to Large Format Photography;" Marie Cosindas, "Instant Colour—Still Life and Portraiture." An international gathering of students (the majority are Italian) follows the courses for two weeks at a time, in groups limited to fifteen, working closely with the guest artist. All this activity takes place on the top two floors of Palazzo Fortuny, recently restored and, with its vast open spaces, ideal for the purpose. Various companies have contributed equipment; and Philip Morris has largely underwritten in the workshops.

In a month's time, the exhibitions will have to come down; but the workshop programme, in some form, could remain. The superb spaces in Palazzo Fortuny could become the seat of some kind of international photography academy, with annual master classes.

In Italy, nothing as big as "Venezia '79" can escape criticism; and the shows have come in for their knocks: too many Americans (or, conversely put, not enough Italians), the omission of this or that artist, commercialisation, politics, and so on. The criticisms have done little damage, however; the shows are drawing huge crowds, even in the oppressive August heat and the definitely non-airconditioned Correr. And the answer to omissions is, of course, more exhibitions in the future. This "Venezia '79—la Fotografia" is a fine achievement; it should also be a signpost pointing towards "Venezia '80 or '81."

Leonard Burt

Toni Kanal, Clive Carter and Felicity Hayes-McCoy.

Regent's Park, Open Air

Shaw double-bill

by B. A. YOUNG

Some paranormal power stopped the drizzle one minute before Regent's Park's pair of Bernard Shaw one-act plays was due to begin. (I saw the General Secretary of Equity in the audience.) Those of us willing to challenge our uncertain climate were rewarded with a delightful evening. I had been afraid I might have to fill my column by reviewing Shaw's two prefaces.

O'Flaherty VC, which opens the programme, was described by Shaw as "a recruiting poster in disguise." In 1915 it was still thought apt to attract Irishmen into the army by asking them to fight for King and Country. Shaw imagines a typical young soldier from a poor farming land who, having been decorated with the Victoria Cross for some act of valour, is trailed round his home county to make patriotic speeches persuading his mates to join him in the infantry.

But as Shaw points out, with his talent for saying the commonsense things that everyone knows but no one seems to understand, the Irish are not patriotic Englishmen. Patriotism may keep them in their own country, but will not get them on to the Somme. They must be lured into overseas service with the hope of something better—or, as in the example of Dinny O'Flaherty, the hope of losing something worse, in his case subjugation to his unspeakable mother.

Shaw makes all his points in an interview between O'Flaherty (Clive Carter) and General Madigan (Geoffrey Colvile), who also happens to be his mother's landlord. The General had no idea that the Irish had any notions different from his own, and is amazed to hear that O'Flaherty has had to tell his mother that he is fighting with the French and the Russians, for she knows that they are likely to be fighting against the English. The encounter of this formidable woman (played by Toni Kanal looking like a vulture) with the General would have opened the eyes of the English, if they'd been allowed to see it in 1915, even if it didn't open the eyes of the General.

All this is admirably played under Richard Digby Day's direction.

Overruled, which has been reviewed by Michael Coveney on this page when it played at lunchtime, ends a short but happy programme. "True love in this differs from gold and clay," Shelley wrote, "That to divide is not to take away," and Shaw's little piece for two couples presents the same argument in favour of allowing married people the privilege of romantic friendship. This is not an argument for or against polygamy, Shaw says in his preface. It is a clinical study of how the thing occurs among quite ordinary people.

Robert East and Geoffrey Colville are the two husbands, both of them reunited with their wives after long sea-voyages. Philippa Gail, gowned by Hugh Durrant as if for the circus, is the wife who likes to be liked, and Jo Ross, in a grey-and-pink dress suggesting a flamingo, is the wife who likes to be amused.

The conversation is civilised and sensible, and at the same time as funny as anything Shaw ever wrote. The able director is Christoper Biggins, who has had to set the scene on the hotel terrace instead of in the lounge, and for some reason seems to think that this calls for the presence of two comic servants not in the script.

FINANCIAL TIMES

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Wednesday August 15 1979

Labour Party democracy

IT IS a little ironic that, so soon after losing power largely as a result of last winter's strikes, Mr. Callaghan's immediate response to the latest crisis in the Labour Party has again been to rely on the unions to save the day. In his first major speech leading up to October's Labour Party conference, at which the whole constitution of the Party is to be challenged by the Left wing, Mr. Callaghan has added no new ideas to last month's initiative from the unions. He, too, wants a broad ranging inquiry into the Party's organisation, financing and structure, as a response to the debacle of the general election. And, true to form, he has made it clear that he will fight for the inquiry, and against any more fundamental changes, with all his might.

A big risk

But the more militant Left will no doubt continue to oppose the inquiry and to try to push through its constitutional changes at October's conference. In doing this, it will be taking a big risk, since an overwhelming defeat in October would set back its cause several years. But the Left's calculation appears to be that Mr. Callaghan's leadership is now at its weakest. The union leaders on whom Mr. Callaghan is relying for his block votes are still reeling from the blows dealt them last winter by their more militant rank and file. There may never be a better chance for the Left to win the real power in the Labour Party that the Party's structure currently denies it. So a cooling of tempers and a year of reflective soul-searching is the last thing the Left now wants.

In any case, the Left has deeper reasons for anxiety about the proposed inquiry. Any remotely objective examination of the constituency parties is bound to undermine the pretensions to democracy of the campaign to transfer power from the parliamentary labour party to the party conference and, ultimately, the constituencies. If any section of the Labour Party is undemocratic, it is surely the General Management Committees, which make the decisions in the constituencies and select parliamentary candidates.

The power of the left is concentrated in the constituencies precisely because constituency decisions are not, in practice, made by a majority of party members. Like the rank and file organisations of the trade unions, the constituency parties are structured so as to ensure that activists have a far greater say than the average, passive, party member.

In the Left's eyes, this does not necessarily undermine the case for augmenting the powers of the constituencies and of the conference. Many left-wingers would argue that activists should have a say which is disproportionate to their numbers. They keep the party going and, more important, they have a deeper personal commitment to the Labour cause than the average member, who may be prepared to pay his dues, but is not prepared to devote himself to canvassing and committee work for five nights a week.

Mr. Callaghan and the unions are right in believing that this is not a type of "democracy" that would appeal to the British people. The most extreme proposals of the Left, which would make the parliamentary Labour Party subservient to the national conference, not just in drawing up the election manifesto, but in making policy decisions between elections, would be a direct contradiction of parliamentary sovereignty.

Deeply flawed

There are few Labour Party members, even on the left, who would like to see this. The argument which seems much stronger in the Party at the moment is that a more "democratic" structure would ensure that the leadership responded, in some less specific way, to the wishes of rank and file party members and of Labour voters. This, in turn, would have averted Mr. Callaghan's stubborn, and disastrous pursuit of incomes policy last year and of the subsequent election defeat.

There may be some truth in the conclusion, but the premises—that the rank and file party member shares the views of the typical labour voter, or that the constituency labour parties represent the views of the typical party member—are deeply flawed.

The politics of IMF aid

KHARTOUM, the capital of Sudan, has been the scene of intermittent rioting and demonstrations for the past few days, following drastic increases in the prices of some basic commodities including petrol, flour and sugar. Workers on the crucial railway system have gone on strike, and, until recently, farmers were refusing to plant next season's cotton crop, the main source of foreign exchange.

The resulting political crisis has become so serious that President Nimairi has had to replace his Vice-President and rescind part of the increase in the price of petrol. The disturbances seem very similar to the riots which broke out in Egypt in protest at sudden food price increases at the beginning of 1977. Both countries were imposing measures agreed with the International Monetary Fund (IMF).

Over-ambitious

In Sudan, the economic crisis is the result of an over-ambitious attempt by the Government to achieve higher economic growth by large scale borrowing to invest in agriculture. But before any return on investment was obtained, the development drive had caused a big increase in Sudan's current account payments deficit, in its external debt, and in the Government's internal debt.

Sudan's aid donors, notably Arab, refused to provide balance of payments support until the Government cut its spending and introduced austerity measures. The first steps were taken last summer with a 20 per cent devaluation of the Sudanese pound and in May this year Sudan agreed a programme with the IMF which will allow it to borrow $260m over the next three years.

In return, Sudan must reduce its official spending and domestic borrowing, and follow a less ambitious but more strictly export-oriented development strategy. The programme requires cutting subsidies on many goods which, on top of the supply difficulties of an overstrained economy, has caused the latest political crisis.

Egypt has more severe problems of population growth rate, and of crowded cities encroaching on much-needed agricultural land than Sudan. The sheer size of the public sector, the slow-moving bureaucracy and the lack of co-ordination between its four economic ministries are probably greater obstacles than in its southern neighbour. But like Sudan, it had been having great difficulties with external indebtedness—until an international rescue operation was launched in 1977 which has eased many of the short-term problems.

Egypt's relationship with the IMF follows a pattern fairly familiar for impoverished developing countries. In 1976, the IMF imposed borrowing conditions, which were considered unnecessarily harsh and included the reduction of subsidies. The January, 1977, riots were the result.

A new relationship between Egypt and the IMF was then worked out. Egypt was to receive the equivalent of $750m over three years. It got an initial tranche of $90m on the signing of the agreement in August, 1978, but has not received others subsequently because of its failure to keep to the agreement. For the moment, the IMF has virtually abandoned one requirement—the reduction of direct and indirect subsidies, which coincide almost exactly with the size of the budgetary deficit.

The intention was that the deficit should be kept down for the period of the agreement to E£2.3bn ($3.3bn) a year. This year it could be as high as E£3bn ($4bn). The IMF is now reserving its efforts for next year. In the autumn it will be working closely with the Egyptian Government to draw up the budget for 1980 with a view to "rationalising" subsidies. But with foodstuffs accounting for three-quarters of direct subsidies, and the scars of the political effects of the last attempts at reduction still fresh in the memory, the IMF is faced with an intractable dilemma. This is particularly so as Egypt's economic problems, even with better management, are virtually insoluble in anything but the long term.

Political limits

The experience of Egypt and now Sudan shows there are political limits to how far a programme of economic orthodoxy agreed with the IMF can go. In Sudan's case it may be questioned whether all the economic targets on which the IMF has insisted are attainable in any case.

The interests of neither borrowers nor the IMF are likely to be served by the government of a recipient State being brought down for doing what the IMF suggested. That said, there remains the problem of who should judge what is politically as well as economically viable.

Iran's increasing discontent with the mullahs' rule

BY ANDREW WHITLEY in Tehran

SIX MONTHS after the Tehran uprising which finally overthrew Dr. Shahpour Bakhtiar's brief premiership and the monarchy, Iran has so far neither suffered its expected counter-revolution nor settled into a new mode of living.

Unrest and economic discontent are on the rise again, prompted by the sectarian policies of the authorities and their failure to resolve basic problems such as unemployment, housing and inflation. Despite the weekend's clashes, for most of the time there is an air of apparent normality in the capital and major provincial cities. But it is largely illusory.

Meanwhile, the economy has been saved from disaster only by OPEC's success in boosting oil prices by over half since the revolution and the Tehran Government's success in re-establishing and maintaining the flow of crude oil from the Khuzestan fields.

Progress is being made towards completing the constitutional transition to an elected government within an Islamic theocracy, but at the present rate the process is unlikely to be completed before next February, the anniversary of the revolution.

Many Iranians, both the predictably disillusioned middle class and the growing number of disaffected former supporters of Ayatollah Khomeini among the workers, expect a change of regime sometime within the next six months. Much less clear is how such change could be effected. Favourite contenders today are a nationalist military take-over at the top, easing Ayatollah Khomeini out of his executive seat but preserving his moral influence, or else a middle class nationalist movement allied to the armed supporters of the Left.

Both remain hypotheses for the lightweight Bazargan Government has not yet been seriously shaken by factors external to itself, only by internal disputes with the real power holders, the tightly knit group of hardline Shia Muslim clergy around Khomeini. For their part the mullahs have made it clear that they intend to hang on to power determinedly.

Ayatollah Sadegh Khalkhali, the controversial and outspoken religious judge, said last week, "The mullahs staged the revolution and have come to power, and they will stay in power whether the United States or the Soviet Union likes it or not." Although cold-shouldered by many of his fellows, Khalkhali was only reflecting openly opinions known to be privately held by the 20-man Revolutionary Council and 50 or so other powerful clergymen in Iran.

The clergy are gathering around themselves paramilitary forces loyal to their own conception of the future. Strongest of these are the Revolutionary Guards, the Pasderan, recruited mainly from the less privileged groups of the Shah's society. They are ill-educated urban youths now out of work with little prospect of meaningful employment.

Less well known abroad is that accompanying the political upheaval of last winter there has been a class and social revolution. Iran's leaders regularly stress that they are working in the interests of the "have-nots"—the "barefoot people," as the influential broadcasting chief Sadegh Ghotbzadeh refers to them.

The dividing lines in recent demonstrations for and against the system have been essentially class lines, with the exception that the wealthy traditional bazaar classes remain firm supporters of the new order.

Responding to these changes manifested in workplaces and on the streets, as well as to Islamic puritanism, professional Iranians are leaving the country in droves. Two thousand a day are leaving from Tehran Airport alone and according to the airlines all flights westwards for the next six weeks are fully booked and many of those leaving say they will stay away until there is a change of regime.

They make up a brain drain unparalleled in recent Iranian history, and one giving serious cause for concern to the Government. Mr. Hassan Nazih, the state oil chief and a leading politician, has spoken out decrying the exodus, but such opinions remain in the minority in the light of Khomeini's argument that the country is better off without its westernised elements.

However, the impact of measures to Islamise Iranian society, although much bruited abroad, has probably been exaggerated: and, although the westernised urban dwellers may be fleeing abroad to find a glass of wine or beer, such changes are unlikely in themselves to help bring about any future confrontation.

The emphasis on stricter moral values and on the modesty of women, including the wearing of the chador, the full length veil, will have been welcomed in the Persian-speaking Shia Muslim heartland. The ban on mixed bathing, equally, will have had little relevance for the people of the desert towns around Qom even though there were demonstrations by local people at the Caspian against the restriction.

Changes in the progressive family protection laws pushed through under the Shah in the face of traditionalist opposition will affect a wide cross-section of women. Theoretically men can now return to the Koran-approved practice of taking up to four wives under certain conditions, while divorce cases are to be heard by religious judges only.

The reduction in the marriage age to 13 for girls will have its greatest impact in backward rural areas, but another change, the abolition of mixed schools, is likely to be imposed mainly in towns, where the facilities exist.

The real effect of the Islamisation programme will be further to emphasise the wide gulfs in Iranian society and, in practice, will discriminate against the minorities, thus exacerbating already bad feelings.

In spite of purges and the appointment of newly returned emigrees to senior positions, the civil administration remains largely out of sympathy with Khomeini's vision of an austere pious state. Officials may continue to respect him as a national and revolutionary leader, but little spirit of participation in rebuilding the country is to be found among them.

With little heart for their work and an all-pervading attitude of waiting to see what happens next, the effects on the domestic economy have been serious. Nationalisation of banking, insurance and wide sections of manufacturing industry has inevitably added to the burden of a bureaucracy that had become highly interventionist in the Shah's latter years and is now patently unable or unwilling to cope with many routine tasks.

Tehran's airport crowded with Iranians and foreigners leaving the country earlier this year. The exodus is continuing with some 2,000 going each day.

ECONOMIC INDICATORS (In $U.S.bn.†)

	1976/77	1977/78	1978/79	1979/80	1980/81*
Budget	29.24	49.17	59.4	34.7	—
Oil revenue	20.65	21.1	17.0*	25.0*	25.0*
Imports	12.57	18.3	14.0*	9.0*	15.0*
Non-oil exports	0.52	0.67	0.35*	0.18*	0.26*
Foreign exchange and gold reserves	9.12	11.2	11.69	10.65‡	—

† At 70.35 rials to the dollar ‡ End of first quarter
* Estimates

Agriculture, which survived the revolution better than other sectors of the economy, is reported to be suffering from the lack of normal government services. In areas such as Shiraz in the south farmers are complaining about a lack of seed and fertilisers. Information is incomplete, but there are indications that a significant number of farmers will not be planting their crops this year.

Propping up the regime is a major programme of food imports, particularly from the U.S. Shipments of American wheat are currently running at 100,000 tonnes a month and similar quantities of rice are being delivered. Large scale meat agreements have been signed with Australia, Turkey and Bulgaria and are being negotiated with New Zealand.

The crucial nature of this programme was underscored by last weekend's food riots in Tabriz in the north west, the country's fourth largest city. The dislocations of the post-revolution era are beginning to filter through to the retail level and popular reactions to the shortages of a growing list of basic items and consequent increases in prices have been unexpectedly strong.

In the medium term the most serious threat to the regime's stability comes from unemployment. This is estimated at a quarter of the total labour force, though the magnitude of the problem is now disguised by the Government's policy of compelling public and private sector enterprises to keep on as many workers as possible, needed or not.

Within industry, Government officials say privately that output is no more than 40 per cent of former levels. Industrialists face a multitude of problems—notably, belligerent workers' committees, high wage demands (in one case in the textile industry a 70 per cent rise was awarded), a shortage of raw materials and spare parts because of import difficulties and caution among foreign suppliers, and an acute shortage of working capital.

It is being asked in Teharn whether the bottom has been reached and the economy will slowly improve, or whether Iran's GNP is to continue to slide until political stability is restored. Most opinion favours the latter view, which would create even greater dependency on oil revenues.

Oil earnings are now running at some $24bn a year. All term contracts are up for review in October, and although there is little doubt that Iran will be able to sell as much oil as it chooses over the next year, many traditional foreign customers have been upset by the way in which the National Iranian Oil Company (NIOC) unilaterally imposed two successive cuts in lifting and simultaneously took the lead on several occasions in raising world market prices.

Security of oil supplies is more problematic, in view of the ever-present threat of disturbances from the 1.5m-strong Arab minority living in the south-western oilfields region. For the moment troubles have been quelled by strong-arm tactics, but the Government is acutely aware of the vulnerability of hundreds of miles of exposed pipelines running to the main export terminal of Kharg Island. A breakdown of central control, wih the Government facing an armed challenge from, say, the Left, combined with the considerable possibility of external assistance for militant Arabs demanding autonomy, would rapidly threaten oil security.

Certainly Iran does not need the level of foreign earnings it is presently achieving. Imports have fallen to half of last year's already reduced levels, and are expected to be worth no more than $9bn this year. Much of this figure will be made up of food, pharmaceuticals, spares and oil industry material.

Put this together with Iran's low public debt, high and rising foreign exchange holdings, and soaring bank deposits as funds withdrawn during the revolution return, and a strong picture emerges. On the other hand, demand is sluggish, inflation is expected to hit 30 per cent as economic activity revives, and new regulations have considerably complicated the task of doing business.

Uncertainties about the future are nowhere better revealed than in the major development projects. Most have been cancelled or shelved, but a few such as the new port of Bandar Abbas, the giant Iran-Japan petrochemical complex and, probably, the Sar Cheshmeh copper mines, will go ahead.

Large foreign contractors are finding it impossible to recover debts, though smaller amounts are being paid, usually in full. One explanation put forward is that senior officials are afraid to take decisions on projects which may have involved corruption or may be denounced later as "criminally extravagant" hang-overs from the Shah's era. Another unconfirmed report is that signing power for major expenditure rests jointly in the hands of Ayatollah Khomeini, Dr. Ibrahim Yazdi, the Foreign Minister, and another little known mullah.

While at home the country's rulers are discovering the practical constraints on their ambitious hopes of reshaping Iranian society, abroad Iran has made a significant shift towards non-alignment and the radical Arab camp in the Middle East conflict.

Being enmeshed for the first time in that imbroglio has had the unlooked for side-effect of transferring inter-Arab rivalries and conflicts on to Iranian soil.

Within Iran there are sharp regional differences in loyalty to the regime. In the north the Caspian region is more apathetic to Khomeini than elsewhere, and is showing its traditional left-wing sympathies. The pro-Moscow Tudeh Party and Marxist Fedayeen-e-Khalq guerrillas are reported to be gathering support there.

The big farming provinces of Azarbaijan and Khorrasan in the north-west and north-east are largely behind the politically moderate but religiously conservative Ayatollah Shariat-Madari. The ethnic minorities are overwhelmingly opposed to Tehran and Qom, where Ayatollah Khomeini holds court. Shariat-Madari and his Turkish-speaking followers feature in a number of much-discussed challenges to Khomeini and his followers. But having been superseded in religious matters by Khomeini the Azerbaijani leader has shown himself unwilling to challenge his rival head on.

The real weakness of the country lies in the continuing anarchy and the lack of law and order. Opium cultivation and trafficking are open and rife, banditry and highway robbery commonplace in wilder parts, a traffic accident in south Tehran recently led to the taking of hostages and a gun battle that nearly sparked off a major confrontation.

The old problems of nepotism and petty corruption are as blatant as ever, and a growing number of Iranians are becoming disillusioned with what Khomeini has to offer. Resistance is in its early stages but reports of nightly gun battles in south Tehran, secret gatherings of nationalist army officers and even the occasional brief pro-Shah demonstrations bode ill for the future.

For the moment the opposition forces remain too weak and divided to pose any serious challenge, but Sunday's street fighting in Tehran and the subsequent turmoil may well have been a turning point. For the first time the Left showed its teeth, but the hard core Khomeini supporters are well armed and dedicated, and if challenged will certainly fight hard. The outlook is for steady deterioration in conditions possibly for months, as conflicts sharpen, before any real change of direction can emerge.

MEN AND MATTERS

Seeing the tourist tide go out

Whisper it softly, but it looks as though London's tourist figures for 1979 may be down by as much as 25 per cent on last year. Some sources who are voluble in boom times say it is still too early to discern a significant drop. But if you want the facts, go to the Tower of London.

The Tower's sales manager, Edward Burrell, tells me that last month he recorded 333,909 visitors: in July, 1978, there were 439,912. "I don't see the big queues stretching past my office this year," he says.

If our tourism is indeed down by a quarter, the effect upon a major industry could be severe. Raphael Calzada, chairman of the Restauranters Association of Great Britain, says: "We feel there has geen a general fall in business, especially in London. The association is just starting a survey."

Seamus McManus, executive assistant manager at the Inn on the Park, says: "There's not a hotel in London that won't tell you there's been a reduction in business. Some have suffered dramatically."

The British Tourist Authority thinks that visitors to Britain may simply be keeping away from the heart of London, because of the hotel prices. "But we do not have any figures, because the civil service computer strikes are delaying details of arrivals."

The high cost of putting your head on a pillow in London is also blamed by Calzada. "Hotel prices have scared tourists away," he claims. The restaurants also consider that they are being hit by the U.S. recession and the strong pound.

One leading restaurateur, Josef Berkmann, thinks the current woes of his profession are being compounded by Britain's internal changes. "Labour government is always good for restaurants," he says. "Since companies cannot give big salary increases, they offer perks like expense-account meals. Now they are paying more money, but cutting out the frills."

Combining that with the tourist decline, Berkmann sees some lean months ahead. "But soon," he says hopefully, "British businessmen with more money in their pockets will start taking their wives out to dinner a bit more."

Cutback pleas

Sir Keith Joseph is being urged to cross knives with the EEC over cutlery imports from the Far East. "We do want a period of protection," says John Price, president of the Federation of British Cutlery Manufacturers. "But we should prefer to call it a period of European balance." That means that some Community countries should take more cheap imports, and Britain should take less.

Price has recently led a delegation from the industry to see Sir Keith Joseph. There was also a meeting with officials from the departments of Trade and Industry. Apart from wanting restraint on the flood of imports from such places as Korea and Taiwan, the federation is also pressing for a change in the Trade Descriptions Act, to ensure "honest marking" of imported blanks silverplated in this country.

Price says there is a new sense of unity among British cutlers, after the meeting with Sir Keith Joseph. But it seems that some are less than happy about his enthusiasm for "honest marking."

Sliding scales

Snow in August is, of course, is not an impossible permutation of the British climate, but one man is tipping the odds on enough of the stuff arriving in Pall Mall tomorrow for a little (urban) cross-country ski-ing. "Right now it's on board a boat in the North Sea—otherwise I'm going to look a real idiot," says Per Holt, director of the UK Norwegian National Tourist Office.

Having been, at first, ridiculed for his idea of importing Norwegian snow to promote the attractions of Norwegian holidays, Holt found his idea taken up with enthusiasm by the army, and by the Norwegian railways. He ordered just over a ton, but soldiers entering into the spirit of things shovelled over two tons on to trucks driven into the mountains near the skiing resort of Voss. From there it was rushed—free—by rail to Bergen, and loaded into fish "isolation cases" for the sea journey to Newcastle, where it is due to arrive at noone tday. A refrigerated lorry will then transport it, along with some fish, to Billingsgate.

Perhaps smelling unnaturally of the deep, and with a few silvery remnants of fish-scale embedded in it, the fruit of the Norwegian military effort will then be spread around St. James's Square. "We have about 10 pairs of skis," says Holt, who is understandably jittery about what state his snow will be in when the juggernaut trundles up Pall Mall.

If it has becme icy, or melted, the proposed 50-yard run will over-emphasise either the hazards or the disappointments of winter sports—undertaken in London in August, or anywhere else at any time.

Oil slick

With little fanfare, a major new oil producer has appeared on the world scene. Vast quantities of Thailand number one crude oil are being offered on international markets. According to an advertisement in yesterday's Financial Times someone, residing in PO Box G4356, is offering for sale 300,000 barrels a day of Thailand crude.

This may come as a surprise to some, not least the Thais who, according to the Oil and Gas Journal's survey of world oil producers, are very much an also ran when it comes to the crude oil industry. Their total proven reserves are said to be no more than 200,000 barrels. Last year the country's 12 producing wells managed to yield oil at the rate of 200 barrels a day — a good deal less than the output of a nodding donkey pump in a Dorset field.

But that is not all. Our enterprising advertiser has managed to accumulate a good deal more oil which he is willing to dispose of, according to his announcement in the "Business and Investment Opportunities" section of yesterday's paper.

All told, the un-named trader is offering over 1m barrels a day of crude oil and products, the equivalent of about 2 per cent of the free world's total oil output. Assuming that all the oil is sold—and we are in a time of tight fuel supplies, aren't we?—the deal could be worth £15m to £20m a day.

Among the oil lots offered for sale, under long-term contracts are 350,000 barrels a day of Saudi light crude—the equivalent of over one-third of the additional production announced by the Saudi Government. But why not the Saudis step up production to ease the world's supply crisis? Then there are 70,000 barrels a day of Nigerian crude oil on offer—some of the oil confiscated from British Petroleum? In the products category are 250,000 gallons a month of diesel fuel, 40m gallons a month of petrol, and 210m gallons a month of jet fuel.

The oil crisis—according to PO Box G4356—appears to be over.

Psst. Wannabuysomeoil?

Signing off

Among the graffiti in a washroom at Imperial College, London, is the following: "If man has to resort to the loo for social comment, the writing is on the wall."

Observer

هكذا من الأصل

A new crop of mechanical harvesters

By DAVID FISHLOCK, Science Editor

FOR SMALL groups of agricultural scientists scattered around Britain a "window" opens briefly round this time of the year. Engaged in developing new methods of harvesting fruit, they may have only three weeks or so to try their latest ideas before the crop disappears for another year.

Their task can be infuriating. Not only is there so little time for testing—and if they miss their "window" the crop may be wasted for lack of labour to pick it by hand—but decades of plant breeding may have been working against them. With blackcurrants, for instance, the plant breeders have been developing new strains of bushes to which the fruit clings more firmly in the wind—making it harder for the scientists to develop machines to shake it off.

Britain has a large and well-established industry in agricultural engineering, dealing, according to a Department of Industry survey last year, in everything from "milking machines using quite sophisticated control systems and precision components to the simplest cultivation implement little advanced from the blacksmith's era."* At one end of this £1bn-plus product spectrum can be found an assortment of automatic harvesting machinery, some ingenious examples of which are drawing close to the marketplace. They include machines for picking strawberries, raspberries and apples, new ideas for planting lettuce faster and for harvesting sugar beet more efficiently.

Mechanised harvesting arrived in Britain in the 1930s in the shape of the combine harvester from North America. Pundits said confidently "it'll never catch on here." But, of course, it did and today most of Britain's grain is harvested this way, using machines which cost around £35,000. One disturbing fact which emerged from the Department of Industry survey, however, was that Britain no longer makes a combine harvester. The last UK maker, Ransomes Simms and Jeffries, dropped out in 1974. The Department estimated that 79 per cent of UK machinery needs for grain harvesting was being imported.

After some years during which the technology remained fairly static—its efficiency is now very high—the Americans are introducing a further advance in Britain this summer, in the shape of a rotary combine harvester. The Agricultural Research Council's National Institute for Agricultural Engineering at Silsoe near Bedford has a contract from International Harvester to develop a new way of evaluating the performance of this machine which is still novel even to the U.S. market.

Mechanised

This establishment is the centre of research in Britain for mechanised harvesting. Its director, Professor Ron Bell, was formerly a solid-state physicist with the Royal Radar and Signals Establishment at Malvern, scene of some of Britain's most advanced work on avionics, aircraft electronics and automation. Most of the institute's research is done under contract to the Ministry of Agriculture. Harvesting is a major sector of its research accounting for around £500,000 of a total budget of £2.25m.

Mr. Frank Brown, responsible for many of its attempts to mechanise harvesting, says bluntly that the main reason for demand is the desire of horticulturalists to cut their labour costs. The challenge for him is to do this without ruining the crop—to replace green fingers with the fingers of a gentle machine.

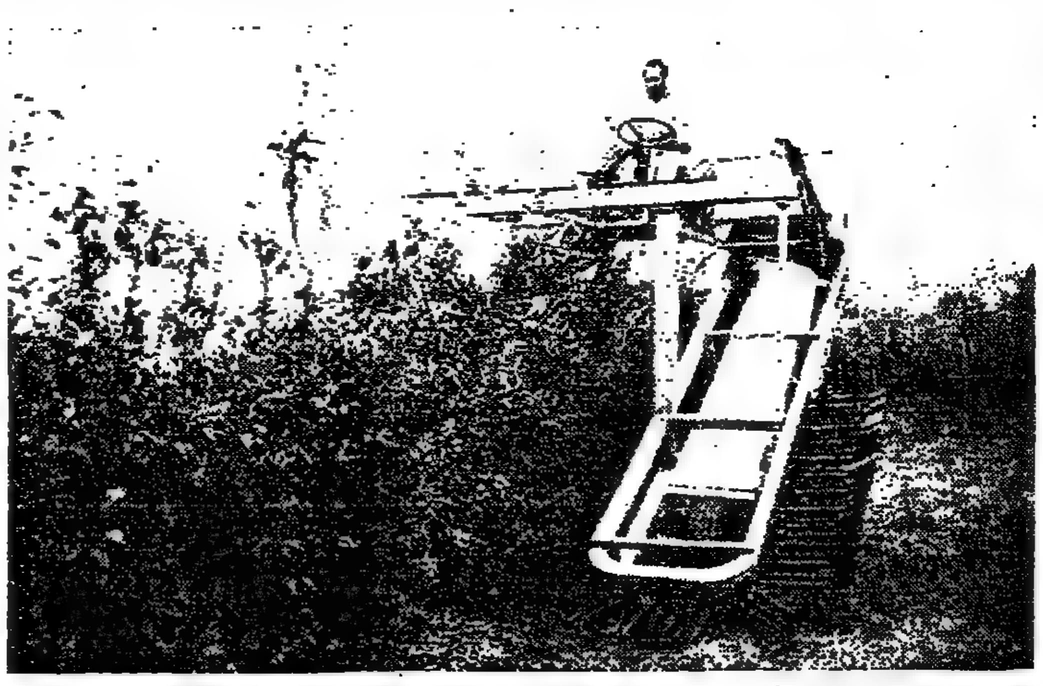
The Institute's first big challenge came in the late 1960s with a request from Whitehall to look into the mechanising of blackcurrant picking. Frank Brown and Ivor Kemp led a team which, in only three years, designed a pre-production machine capable of doing the work of 300 hand-pickers. What is more, unlike pickers who get bored and tend to squash more and more fruit, the machine's performance stays constant throughout the three-to-five week season.

Some 70 per cent of Britain's blackcurrant crop is now harvested mechanically, mostly using machines made to the Institute's design by Smallford Planters of St. Albans. The balance is made up largely of small market gardeners with access to cheap labour—their own families, for example—plus the first year of new fruit bushes, when the crop is too close to the ground to be reached by the machines.

The blackcurrant harvester works by travelling slowly between the rows, gently cleaving the bushes apart and shaking the branches at a fairly high frequency of 1,000 cycles per minute. At a speed of less than 1 mph, the Smallford machine can shake down 24 lb of fruit in 32 seconds. But at about £25,000 the farmer needs to plant a big crop—30 to 40 acres—to justify owning his own harvester.

The blackcurrant harvester has been a commercial success for Smallford. It has adapted the design for two other crops, gooseberries and grapes. About 80 per cent of the machines it makes are for export.

In the early 1970s the institute turned its experience of soft-fruit harvesting loose on strawberries—"the most difficult crop of any soft fruit," says Frank Brown. He and Ivor Kemp set out to design a machine that would scoop up clusters of strawberries shrouded in a cocoon of their own leaves, to protect the fruit from damage. Then, by dropping these clusters through a rising column of air the leaves are blown away, leaving the fruit clusters to drop gently on to a conveyor.



An experiment in harvesting apples mechanically at Long Ashton fruit research centre near Bristol, using the "combing" method of removing apples from branches.

The upshot was fruit which growers and processors alike found agreeably undamaged. But a big problem remained—how to "cap" it and remove the calyx and its frieze of sepals. Here Ivor Kemp turned to an American research team which was approaching the problem from the other end. Professor C. M. Hansen of Michigan State University was working with Canners Machinery of Ontario to develop a "capping" machine for use on strawberry clusters gathered by Mexican pickers. He had found a way of mechanically orientating the fruit with its stem pointing upwards, then deftly slicing a sliver of fruit so that sepals and calyx could be cleanly removed.

Smallford, for which Ivor Kemp is now working, this summer assembled for the first time a mechanised strawberry harvester which incorporates both ends of the operation. It has been tried out at a Ministry of Agriculture fruit farm at Wisbech, in strawberry beds grown to suit the machine. But fruit harvested in this way is suitable only for factory processing—jam or canning—for it includes a stage in which the berries are immersed in water to help them separate. Fresh fruit destined for the table would tend to go off too quickly to suit the retail market.

Another offshoot of the blackcurrant harvester is a raspberry harvester under trial by the East Malling Research Station in Kent, the main fruit research centre of the Agricultural Research Council. Here the Smallford machine has been adapted with the help of long vibrating fingers to rattle berries off bushes. As with strawberries, the fruit must be planted in orderly fashion to get the best from the machine. At East Malling they train their raspberry canes horizontally by bending them in winter and tying them to wires about 30 inches from the ground. This keeps the young canes well away from the machine's vibrating fingers, while the fruit itself falls only a few inches into the waiting trays.

The same principle has been used in the "fruit wall," as the new scheme for growing dessert apples for easy picking is known at Long Ashton, another UK fruit research centre near Bristol. Americans have tried to harvest apples by brute force—by vibrating the tree trunk and catching the crop. The upshot tends to be bruised apples.

At Long Ashton the pomologists have bred short apples apple trees which they plant in rows. All the fruit then remains within easy reach of the picker. But the latest stage of a project which began a decade ago is a harvester that "combs" apples out of the trees. As the harvester moves along the fruit wall, long fingers of reinforced plastic, protected with sponge rubber, comb through the leaves. The harvester first tested at Long Ashton last autumn, was developed and built at the National College of Agricultural Engineering.

From work on these crops—strawberries, raspberries, apples—an important lesson to emerge is the need for uniformity in the crop if mechanised harvesting is to succeed commercially. At the institute at Silsoe it prompted two decisions in the mid-1970s. One was to work on systems capable of adapting to a range of crops, for example, root crops of basically similar characteristics such as beet and potatoes, but not radishes for example. The other was to work out methods of mechanising the planting of crops which might not only accelerate planting but also protect plants against checks in growth and lead to a more uniform crop at harvest.

From the second decision has come a "transplanting system for the 1980s," in the shape of a fully automatic planter. It parcels up pockets of dry compost in the form of a continuous bandolier, adds seed and water to each "block," then separates the blocks and pops them into the soil. While the best that the present hand-fed machines can achieve is about 1,500 plants per operator per hour, the first experiment with the automatic machine managed 10,000 plants per operator per hour. Companion experiments by the National Vegetable Research Station seek to establish the minimum block size for uniform growth of lettuce, cabbage, cauliflower, etc.

The other decision taken by Silsoe was to take a fresh look at the harvesting of sugar beet. Beet is a major root crop in the UK, taking up half-a-million acres and worth about £120m a year. In the mid-1970s when world sugar prices reached record levels the Government decided to increase Britain's self-sufficiency to 50 per cent by expanding the beet crop.

Soil loss

When beet is grown in light soil some 700,000 tons is left to rot in the ground, missed by mechanised harvesters, estimates the Institute. And neraly 1m tons of top soil are carted off to the factory clinging to the beet.

Silsoe elected to tackle the problem of soil loss. It developed a new mechanism which rumbles the harvested beet over spring-loaded steel rods which gently massage away the soil, much as a farmer might do with his fingers. By 1977 the Institute had convinced F. A. Standen of Ely, the main UK manufacturer of beet harvesters, that its ideas justified a joint development programme. The outcome was the new Standen beet harvester shown for the first time at the Royal Agricultural Show last month which cleans the crop as it goes.

* *The Agricultural Engineering Industry, Vehicle Division, Department of Industry, London SW1.*

Letters to the Editor

Commodity centre

From the Chairman, British Federation of Commodity Associations

Sir,—Mr. D. Gordon (August 13) suggests that if the City thinks a Commodity Centre is good for the City it should pay the whole cost and not look to the Government for financial assistance.

Clearly, Mr. Gordon is unaware of the terms on which five international commodity organisations (ICO's) and two study groups are located in London. H.M. Government is the "host" Government, the obligation of which is to provide full facilities for these organisations to function. Unfortunately, the premises presently occupied are not all in the same location and there are some other unsatisfactory aspects which would be corrected if all ICOs could be accommodated together. The proposal to establish a commodity centre was initiated by one of the international organisations in 1976 and the ICOs presented a joint memorandum to H.M. Government through the Foreign and Commonwealth Office in January, 1978, in which they pointed out that it was "the inescapable conclusion that the organisations must seek the assistance of the host government . . . to assist their organisations to establish proper facilities."

In a radio interview, Mr. Ross Stubbs, director-general of the Zinc and Lead Development Associations, dealt with a question similar to that raised by Mr. Gordon and was at pains to emphasise that any offer of accommodation would have to emanate from the Government.

Neither the City nor Barclays Bank is holding out the begging bowl; on the contrary, they are willing to raise several million pounds to assist H.M. Government to offer the ICOs the proper facilities to which they referred in their memorandum in January, 1978.

Philip G. Smith
Plantation House,
Mincing Lane, EC3.

Disability and work

From the Managing Director, Remploy

Sir,—Henry Mara's review (August 13) of Mary Greaves' and Bert Massie's interesting booklet, "Work and Disability, 1977," includes the sentence: "It is . . . shocking to learn that there are no disabled people employed in the administration of the publicly financed Remploy Company, say the authors."

Well, yes, it would be shocking if it were true, but it isn't and it is not what the authors say, either. Indeed, they make it clear that we do employ disabled people in administration, though they think we should try to employ more—with which I agree.

Remploy's purpose is to employ people who are "severely" disabled. "Severely" means that they should be thought by the Government Disablement Resettlement Officer to be incapable of holding down a job in open industry even under the terms of the quota scheme. We employ 8,300 of these, almost all on the shop floor, and we receive a Government subsidy for doing this. The managerial and administrative superstructure is a "fit" operation and in our view it needs to be if we are to give the sort of backing which our disabled people need.

We are happy to encourage disabled people to take posts in this "fit" operation, but they cannot expect any allowance for their performance in these posts—and they don't. In fact over 10 per cent of the people in Remploy's managerial and administrative superstructure are disabled.

If everyone else responsible for a fit operation in this country could achieve that figure the problem of disabled employment would disappear entirely.

Trevor Owen.
415, Edgware Road,
Cricklewood, NW2.

An appreciating asset

From Mr. H. Cole

Sir,—Pocketing a substantial cash capital gain when selling a house and buying a similar one is a common occurrence. It is not some kind of impossible conjuring trick as is suggested by your correspondents, Messrs. Prag (August 10), Turner and Waghorn (August 11).

To take a simple example. Suppose, ten years ago, you had considered buying one of two more or less identical houses, priced then at £7,500. Having made your choice, you bought one with a mortgage of, say, £6,000. Now, for some good reason, you wish to live in the other house. Both command a market price of £30,000. For the sake of simplicity, let us assume that you had a standing mortgage, paying only interest and discharging the capital on the maturing of an endowment policy.

You sell your present house, and have in hand cash of £24,000 after paying off the mortgage (less, of course, professional fees). You now buy the other house for £30,000 (plus stamp duty and more professional fees). But you now take out a mortgage of £25,000.

The result is that you have cash in hand of £19,000 (less, of course, all those expenses) and have a very substantial profit in real terms on your original cash payment of £1,500.

You continue to have an appreciating asset, which will also be free of capital gains tax liability, and the Chancellor will continue (for the time being, at any rate) to pay between 30-60 per cent of the artificially low rate of interest on your new loan.

Harvey R. Cole.
9, Clifton Road, Winchester.

A tax on sales of homes

From Mr. J. West

Sir,—Apropos the correspondence about taxing the sale of homes, it never fails to intrigue me that if you sell your house in order to buy shares you pay no tax, but if you sell your shares in order to buy a house you have to pay capital gains tax. I am sure this is intended to encourage home ownership though I cannot for the life of me think how.

John W. West
825, Chelsea Cloisters,
Sloane Avenue, SW3.

Monetary control

From Mr. Z. Schloss

Sir,—In your leading article "The dog that did not bark" (August 11), you remark that "Foreign buying (of Government stocks) does not contribute to monetary control. . . ." Assuming, however, that foreigners buy British Government securities with the proceeds of foreign currencies and that there is no, or little, intervention in foreign exchange markets by the British authorities, then such purchases will have the same effect in reducing the money supply as purchases by residents. This is so because, in the absence of intervention, the conversion of foreign currency into sterling will not have increased the money supply.

Moreover, this process will indirectly further the purpose of monetary control, namely price stability, by raising the external value of sterling.

Z. Schloss.
49, Dorset Drive,
Edgware, Middlesex

When it pays not to work

From Mr. F. Field, MP

Sir,—The way Sir Keith Joseph manages to persuade reporters to refer to "the attractions of not working" (August 10), you could be forgiven for thinking that Sir Keith's own Government was but merely a passive observer of the problem. A little probing, however, suggests a rather different state of affairs.

Sir Keith is right to draw attention to the falling tax threshold but it is silly of him to make a party point out of this. The tax threshold has fallen under both Tory and Labour Governments. Indeed, Sir Keith was so keen on making a party point that he presented not only a confused but a wrong analysis of why it pays some people not to work.

The question of whether people take jobs or remain on benefit is a different issue to the poverty trap, although Sir Keith seems confused about the two. The poverty trap comes about because the low paid with children not only pay tax on each £1 increase in earnings but lose eligibility for various means-tested benefits. At some points of the income scale families are faced with a marginal tax rate of more than 100 per cent.

That is a different problem from whether an unemployed claimant finds it advantageous to take a job when one is offered. Given the level of social security benefit, single people and childless couples rarely, if ever, find themselves in a position of being made worse off by taking a job. That is not true, however, for a minority of family men with children.

The reason why a minority of married claimants with children could make their families worse off by taking a job is disarmingly simple. Since the inter-war years we have paid more generous allowances for children if the head of the household is not working than if he is gainfully employed. That is why the campaign to increase the level of child benefits is so important.

Before the last election Sir Keith Joseph and his colleagues not only subscribed to this view but committed the Government to increase child benefits in any tax-cutting Budget. Their failure to do so marked the first U-turn of this Government. And the consequences of that U-turn can all too easily be seen.

With the Budget the Government announced increases in all of the social security benefits paid to children—except child benefit. The Government therefore widened the difference in income which families can expect when they are on benefit compared to when they are in work.

The most effective way of lessening the attractions of not working is to increase child benefits. Similarly, there is a case to be made out for taxing unemployment benefit and sick pay. But this move should only be made once the tax thresholds have been raised appreciably. But there will be difficulties in raising thresholds in real terms if one of the Government's prime objectives is to reduce the standard rate to 25 per cent.

Frank Field,
House of Commons, SW1.

Glasgow School of Art

From the Director, Glasgow School of Art

Sir,—Gillian Darley, has very harsh things to say (August 3) about the present administration of the Glasgow School of Art. It distresses me that you should publish it without considering a little more deeply the problems involved.

In our various school councils we have for a long time debated how best to deal with our many visitors without reaching any satisfactory solution. The school is primarily an educational establishment, and like all such establishments it has been facing the most severe economic restraints for the last three years. No part of our budget relates to assuring the public access to an architectural monument of national importance. To do what Miss Darley suggests would either mean charging a realistic admission fee, which we have so far resisted because so many of our visitors are students and so many are from overseas, or limiting the hours during which the building is available to perhaps an hour a day or one day per week. The alternative, which we have also considered through such hard-working bodies as the Charles Rennie Mackintosh Society, is to recruit a corps of voluntary guides. Those who have tried this, particularly with students, will realise the problems involved.

I think Miss Darley must have come on a particularly bad day. She has certainly succeeded in offending a number of long-serving janitors whose scholarship may be deficient but whose affection for the building is beyond question.

Her article also disguises the fact that the Scottish Education Department, through the Governors, has spent well over £500,000 in very recent years on assuring the continued well-being of the Mackintosh fabric including such details as a most scholarly restoration of the remarkable ironwork.

H. Jefferson Barnes,
Glasgow School of Art,
167, Renfrew Street, Glasgow.

Today's Events

GENERAL

UK. Mr. Norman Fowler, Transport Minister, sees delegation from Tyne and Wear County Council about Tyne Metro foundry.

Chrysler UK Linwood plant lays off over 2,000 workers because of Stoke strike.

Earl of Halsbury statement on his laboratory animals protection Bill.

Queen and Royal Family arrive at Balmoral.

London Philharmonic Orchestra statement on future plans.

Military Tattoo opens, Edinburgh Castle (until September 8).

Overseas. Iranian economic delegation arrives in Copenhagen for trade talks.

Sir Kenneth Cork, Lord Mayor of London, meets Mr. Hanamura, vice-president of Keidanren (Japanese industry federation), in Tokyo.

Mr. Nicolae Ceaucescu, President of Romania, on third day of visit to Syria.

OFFICIAL STATISTICS

Department of Employment publishes basic rates of wages and normal weekly hours for July; and monthly index of average earnings for June. Central Statistical Office publishes cyclical indicators for the UK economy for July.

COMPANY RESULTS

Final dividends: Dale Electric International. Garford-Lilley Industries. Reliance Knitwear Group. Joseph Webb. **Interim dividends:** Britannic Assurance Company. Carrington Viyella. Dreamland Electrical Appliances. Evode Holdings. General Accident Fire and Life Assurance Corporation. Tube Investments. W. and E. Turner. Unilever. Unilever NV. F. W. Woolworth and Co.

COMPANY MEETINGS

LCP, Metropole Hotel, Birmingham, 12. Turnbull Scott, Ironmongers Hall, Barbican, EC, 12. Wilson Bros., Heathrow Hotel, Bath Road, Middlesex, 3.

LUNCHTIME MUSIC. London

Band concert, Finsbury Circus Garden, noon to 2.00 pm.

Guitar recital by Kenji Sano, St. Lawrence Jewry, next Guildhall, 1.00 pm.

Organ recital by Daniel Hathaway, St. Bride's, Fleet Street, 1.15 pm.

Strong pound holds back CU in first half

A MUCH improved second quarter underwriting result has enabled the **Commercial Union Assurance Company** to slow down the decline in pre-tax profits this year. At the half-year stage to end-June, the taxable surplus fell from £64.2m to £58.1m. with an *underwriting* loss of £17.2m, against £4.3m.

But *almost* all the decline in pre-tax profits came from the 10 per cent average improvement i nthe strength of sterling. On an adjusted basis, pre-tax profits in the first half of 1978 on present exchange rates *would have been £58.2m.*

Premium income, expressed in sterling terms, declined from £615.2m to £610.8m. But on an adjusted basis the underlying growth in worldwide premium income was 11 per cent.

Business in the *U.S.* accounted for the bulk of the *underwriting loss. Over the* period it amounted to a £11.5m deficit compared with £300,000. The statutory operating ratio was 105.1 per cent. against 100.3 per cent.

The group is restructuring its business with the aim of expanding its portfolio of good-*quality business. This involves* heavy investment in data processing equipment. Therefore, although the claims ratio fell in the second quarter, the expense ratio rose. Thus higher expenses and the severe winter in the first quarter accounted for the underwriting loss.

Once the programme is completed, the operating ratio is *expected to fall steadily. Some* improvement in underwriting experience in the second quarter was seen in the property and motor accounts.

Underwriting in the UK returned to profitability in the second quarter, amounting to £3m—offsetting the poor first quarter. *Overall. a £200,000* profit was achieved in the first *half. against £800,000 in 1978.*

The underlying trend in underwriting is good, with all accounts except property being in profit. The commercial property account is still affected by intense competition keeping down rates, while the domestic property account continues to suffer from underinsurance. The company is currently look*ing at premium rates for* domestic property covers, and there could be a rates increase next year.

There was some improvement *in underwriting in the* Netherlands, particularly in the motor account which has benefited from rate increases. But a loss of £5.2m was recorded over the period—thet largest after the U.S.—compared with a £6m deficit last time.

Elsewhere, there was a small *underwriting loss in Australia* where the underlying competitive conditions have remained unsatisfactory. In Canada there was a profit, but market conditions have become increasingly difficult.

Investment income in sterling terms rose from £71.4m to £74m. But the underlying growth rate, net of loan interest, was 22 per cent.

As foreshadowed at the AGM, the company has decided to reduce *the disparity between* interim and final dividends. The *interim* has been lifted from 2.863p to 4p—about 45 per cent of last year's total of 8.536p. There is also an additional 0.254p to restore the 1978 final following the retroactive tax reduction.

The directors warn that the increase in the interim should *not* be taken as an *indication* of the total, which will be determined in the light of the 1979 results.

The group recorded a 5 per cent rise in new life and annuity premiums over the period from £30.5m to £32.1m. New sums assured rose by 12 per cent to £1.22bn, but new annuities per annum fell from £26.4m to *£24.3m.*

See Lex

	Half-year 1979	Half-year 1978 Restated*	Half-year 1978	Year 1978
	£m	£m	£m	£m
Premium income	610.8	561.6	615.2	1,100.7
Investment income	74.0	64.3	71.4	143.3
Life profits	7.4	6.9	7.3	15.0
Underwriting loss	17.2	4.0	4.3	†2.3
UK profit	0.2	0.6	0.6	3.8
United States	11.5	0.3	0.3	†7.7
Australia	1.8	1.1	1.1	1.7
Canada profit	1.1	0.3	0.3	0.1
Netherlands	5.2	5.6	6.0	11.4
Remainder profit	—	2.1	2.2	4.4
Associate earnings	0.4	—	—	—
Loan interest	6.5	9.0	10.2	19.0
Profit before tax	58.1	58.2	64.2	142.2
Tax and minorities	22.2	21.6	24.0	54.4
Attributable	35.9	36.6	40.2	87.8

* At exchange rates prevailing at June 30, 1979. † Profit.

Freddie Mansfield

Sir Francis Sandilands, chairman of Commercial Union Assurance, photographed with the company's collection of original Firemarks. These were metal plates attached to *insured* buildings and carried company symbols for identification in the event of fire.

Smith & Nephew growth continues at around 12%

SECOND QUARTER pre-tax profits of **Smith and Nephew Associated Companies** have continued the progress made in the first 12 weeks. For the first period the advance was one of *£517,000 at £5.01m and now at* halfway it is £1.07m up at £10.04m; a rise of 11.9 per cent.

During the 24 weeks to June 16, 1979, external turnover rose by 5.6 per cent to £88.92m and operating profit finished 10.5 per *cent better at £10.59m. Interest* took £1.3m (£1.39m) and associates contributed £754,000 compared with £788,000.

After tax of £3.01m (£2.95m) and minority profits of £20,000 (same) the attributable balance moved ahead from £6.01m to £7.01m. Earnings per 10p share rose *from* 3.87p to 4.18p. *The* tax charge excludes deferred tax. Had provision been made the tax charge would have increased by £1.77m (£1.65m), giving earnings per share of *3.13p* (2.81p).

The net interim dividend is *raised from 0.935p to 1.25p* at a cost of £2.07m (£1.43m). Last year's total payment was 2.6907p from profits of £20.45m. The directors state that the increase in interim reflects the aim that dividend growth shall be more *comparable to wage and salary* increases over recent years.

The company has adopted SSAP accounting for foreign currency transactions, charging operating profit with only the gain or loss on translations of the *profit* and *loss* of overseas companies at average rates. Comparative figures have been adjusted. Gains or losses on the translation of assets and liabilities at year-end rates will continue either to be matched with *long term borrowings* and taken to reserve or shown as an extraordinary item.

The effect of this change *in* accounting policy is to reduce the exchange loss charged against operating profit for the 24 weeks by £525,000 and to reduce the gains credited for the corresponding period by £311,000.

The directors state that they are confident the recent acquisition of Anchor Continental Inc., the group's first considerable investment in the U.S., will provide a profitable base for development in that country and will complement worldwide activities.

Smith and Nephew is a manufacturer of surgical, medical and sanitary products, textiles, clothing toiletries and plastics.

● comment

Shares in **Smith and Nephew** have risen sharply this week in the hope that the interim would provide a useful pointer to a substantial dividend rise this year. Judging by the rate of half-time distribution and the *group's normal* interim : final split, those hopes should be vindicated. The total should reach at least *3.75p* per share where the yield, at 79p, would be 6.9 per cent. The fully taxed and diluted p/e is just over 11 prospectively on pre-tax profits of about £24m which, given the record of steady growth, suggests *that* the *re-rating may* have further to go. The improvement at the 24-week stage was depressed by the national distribution strike which may have clipped operating profits by some £500,000. Anchor Continental should contribute around £400,000, after tax, in the second half and the benefit of lower interest charges on the conversion of a further £6m of *loans falls entirely* in the last 26 weeks of the year. Over the *medium-term,* the group sees considerable potential in the integration of its industrial and medical pressure-sensitive tapes in the U.S. and, at least, the adoption of ED21 will remove much of the past exchange rate impact on above the line profits.

HIGHLIGHTS

Virtually unchanged half-time profit figures were released by **Commercial Union** yestgerday and it now looks as if the company will be doing well to maintain profits for the full year. **Phillips Lamp** produced a disappointing set of second-quarter results, *largely* as a result of the *fall in television* sales, and the company is trimming its forecast for sales *volume for the full year.* *Lex also looks at £9m* rights issue from **Letraset** being made to finance the substantial increase in stocks since the Stanley Gibbons acquisition at the beginning of the year. Finally Lex comments on the **Electronic Rentals** report and accounts which shows a sharp increase in gearing as a result of the acquisition of British Relay. Elsewhere comments are made on **A. G. Stanley, Smith and Nephew** and **Gresham Investment Trust.**

20% advance by Gresham Trust

FOR THE year to March 31, 1979 pre-tax profits of **Gresham Investment Trust** improved by 20 per cent from £1.01m to a *record £1.22m.*

At the interim stage, when an advance from £453,000 to £502,000 was reported, the directors said they expected the percentage rise *of the first half* would be maintained in the second. They now forecast that current year profits will exceed those under review.

After tax of £460,000 (£398,000), earnings per 25p share are ahead *from* 3.8p to 4.7p. The final net dividend is 1.55p *for* a 2.34661p (2.01698p) total.

The amount retained in revenue reserves amounted to £377,000 (£289,000) and, before tax of £62,000 (£79,000), there was a capital profit of £768,000 (£263,000). The sum retained in capital reserves was £706,000 (£184,000).

If earnings from companies where Gresham's interest exceeds 20 per cent — although they are not associated invest*ments—had been included,* then pre-tax profit would have been £1.65m (£1.31m).

At March 31 the net asset value, after allowing for tax on the unrealised profits, was 78p per share.

At that date unlisted investments held (together with listed shares resulting from sales or flotations) had a book value of £3.84m and a market value or directors' valuation of £7.59m.

The directors state that the financial position is exceptionally liquid. As at March 31, Government *securities, cash* balances and short-term deposits totalled £5.1m compared with customers' deposit and current accounts and bank overdrafts of £2.8m and capital and reserves of £10.8m. The groups liquid position has further increased since the year end.

In view of its liquid position the group is capable of considerable expansion both in its banking activities and in the provision of share and loan capital to the private company, they add.

● comment

The secondary banking crisis seems to have left its mark on *Gresham Investment Trust.* The share price of 57p (unchanged on the day) stands at a 27 per cent discount to the stated net asset value and trades on an undemanding stated p/e of 11.8—despite a 28 per cent rise in *pre-tax profits for the second* half. The asset value may be difficult to corroborate because of the group's extensive investments in unlisted securities but quick assets alone account for half the balance sheet total on the banking side and 30 per cent of the consolidated figure. Gresham has taken a bearish view of the equity market, but the exceptional liquidity is also a reflection of the diminishing opportunities in unlisted *securities,* now that pension funds are piling in, and the difficulty of finding new banking business. The dividend is twice covered and yields 5.1 per cent, reinforcing the conservative image.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. *Such meetings are usually* held for the purpose of considering dividends. Official indications are not *available as to whether dividends are* interims or finals and the sub-divisions shown below are based mainly on last *year's timetable.*

TODAY

Interims:— Britannic Assurance, British Aluminium, Carrington Viyella, Dreamland Electrical Appliances, Evode, General Accident, Tube Investments, *W and E. Turner,* Unilever, F. W. Woolworth.

Finals:— Dale Electric, B. Fordeman, Garford-Lilley, Reliance Knitwear, Joseph Webb, Wiggins Construction, A. J. Worthington.

FUTURE DATES

Interims:—

London Brick	Aug. 22
Ocean Transport and Trading	Aug. 21

Finals:—

Hoffnung (S.)	Aug. 22
Hunt & Moscrop (Middleton)	Sept. 26
McLeod Russel	Aug. 16
Pullman (R. & J.)	Aug. 23
Stocks (Joseph)	Aug. 23

Abbey lifts dividend to 3.49p

A SECOND half increase from £1.38m to £2.45m has lifted the *taxable surplus of Abbey, Dublin-based* industrial holding concern, to a record IR £3.93m for the year ended April 30 1979 against £2.3m last time. Sales expanded from £31.74m to £38.88m.

And the dividend is stepped up to *3.495p* (2.1653p) net per 25p share—a 61 per cent increase —with a final of 2.41p.

Earnings per share are doubled at *15.59p against 7.8p.*

Pre-tax figure was struck after interest of £1.65m (£1.16m) and was subject to a lower tax of *£263,000 (£469,000) after an* adjustment credit of £650,000.

There were currency translation credits of £133,000 (nil) and an extraordinary debit of £516,000 for the period left the balance at £3.28m (£1.83m).

The directors have written off, as the extraordinary item, the goodwill which had arisen on consolidation after their revalua*tion of freehold and leasehold* land, buildings and ground rent.

Reserves include revaluation reserves of £1.72m arising from *the revaluation at April 30 on* existing use basis.

At April 30, 1979 group gearing (borrowing as percentage of shareholders' funds) was 82 per cent (93 per cent).

	1978-79 IR £000	1977-78 IR £000
External sales	38,884	31,739
Trading profit	5,571	3,461
Interest	1,646	1,161
Profit before tax	3,925	2,300
Building	2,085	1,383
Plant hire	876	657
Manufacturing	693	206
Merchanting	427	126
Associates	64	48
Tax	263	469
Charge	913	469
Adjustment credit	650	—
Net profit	3,662	1,831
Exchange credit	133	—
Extraord. debit	516	—
Attributable	3,279	1,831
Dividends	822	508

GROUP INVESTORS UP TO £0.43M

Gross revenue of **Group Investors** rose from £402,987 to £431,657 in the year to June 30 1979. Tax takes £78,691 (£73,958) and net revenue available was up from £137,701 to £150,816.

Stated earnings per 25p share are ahead from 2.07p to 2.27p and the total net dividend is lifted from 1.9p to 2.2p with a final payment of 1.4p.

Net assets per share are shown up from 86.4p to 92.7p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Abbey	2.41	—	1.38	3.5	2.17
Broadstone Inv. ...... int.	2	Oct. 8	1.5	—	5.7
Commercial Union int.	4.25§	Nov. 16	2.86	—	8.54
Davies & Metcalfe int.†	0.45	Oct. 6	0.25	‡	0.73
Gresham Investment	1.55	Sept. 19	1.3	2.35	2.02
Group Investors	1.4	Oct. 2	1.18	2.2	1.9
McKay Sec.	1.25	Oct. 11	0.28*	1.6	0.53*
Smith & Nephew ... int.	1.25	Oct. 9	0.94	—	2.69
A. G. Stanley	1	—	0.67*	—	1.63*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ A 0.89p final forecast. § Includes 0.254p after tax reduction.

Investors Capital pays special interim

A special interim dividend of 0.4p is to be paid by the directors of **Investors Capital Trust** on October 15. This represents the distribution on income from the company's investments in Shell and BP which could not be paid out by those companies during the period of statutory dividend controls.

The directors explain that, as dividend controls have now ended, this income will be received by the company during the next two months which they have decided to pass on to shareholders in the form of a special interim.

This payout brings the total for this year to 1.55p. For the previous 12-month period, the total was 2p.

Yearlings fall to 12½%

The coupon rate on this week's batch of local authority yearling bonds is lowered to 12½ per cent (last week 12¾). Issued at par, they are due on August 20, 1980.

The issues are: London Borough of Camden (£1.25m), London Borough of Hounslow (£0.5m), West Yorkshire Metropolitan County Council (£0.75m), Rother District Council (£0.5m), Wimborne District Council (£0.25m), Dudley Metropolitan Borough Council (£0.5m), Oldham Metropolitan Borough Council (£1m), City of Wakefield Metropolitan District Council (£0.5m), Borough of Pendle (£0.25m), Aylesbury Vale District Council (£0.5m), Suffolk Coastal District Council (£0.5m), Dunfermline District Council (£0.5m), West Lothian District Council (£0.25m), Brighton Borough Council (£1m), City of Glasgow District Council (£0.5m), London Borough of Brent (£0.5m), Borough Council of Gate head (£0.5m), Vale of Glamorgan Borough Council (£0.25m), Blaby District Council (£0.25m), Clydebank District *Council (£0.25m),* Cleethorpes Borough Council (£0.5m), Borough of Cynon Valley (£0.5m).

Blackpool Borough Council is raising £0.5m by way of 13 per cent bonds, due on August 11, 1982, *and issued at par.*

HIGHGATE & JOB

Mr. T. D. Carnworth, chairman of Highgate and Job, told members at the AGM that the company intended phasing out Sperm oil as a basic raw material as a result of the deliberations of the International Whaling Commission.

He said this would be done with expediency and in line with *restricted supply* and trade requirements.

The legal action *on* the delayed cargo of crude Sperm oil was likely to be heard in January, 1980, he added.

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ACC expects buoyant year

The activities of Associated Communications Corporation are now widely diversified and internationally based and in the light of present performance and prospects, Lord Grade, chairman, expects another year of widening opportunity.

Lord Grade says in his annual report that the group's new name (it was formerly the Associated Television Corporation) has won immediate acceptance. However, the name of the subsidiary, ATV Network, remains unchanged.

In the year ended March 31, 1979, the group reported record pre-tax profits of £16.31m, an increase of 19 per cent on the previous year's £13.7m. Turnover rose from £113.59m to £133.8m.

Profits of the ATV television network were up from £5.3m to £6.29m. The chairman says to meet the increased production required from ATV Centre, £1.5m will be spent on technical equipment in the current year in addition to the capital investment of some £1m in 1978-79.

Film production and distribution produced profits of £2.25m against £2.15m and Lord Grade draws attention to the large investments needed in this division with consequential bank borrowings. There were also the heavy costs in setting up new film subsidiaries.

The group's current liabilities in the balance sheet include advances from bankers, up from £22.35m to £30.91m.

American distribution has been placed on a new footing, the chairman says. A new American company, Associated Film Distribution has been started jointly with EMI to handle new productions both of the group and EMI.

Despite the bad winter, the theatres division enjoyed a successful year with profits up from £638,000 to £818,000. The new operating arrangements for the provincial theatres are proving satisfactory.

In music publishing (profits up from £2.03m to £2.31m) new subsidiaries were started in Canada and Italy and Northern Songs in Australia was brought under group management and renamed ATV Northern Songs.

Pye Records suffered in common with most of its competitors but the company's catalogue both in terms of established artists and fresh talent gives confidence for the future, says Lord Grade. However, the ACC property subsidiary, Bentray increased profits by 37 per cent to £3.46m.

Ansafone profits exceeded £1m for the first time and showed a rise of 154 per cent over last year. Significant progress has now been made in rationalisation of the company's existing operations.

Results of the theatrical costumes side both at home and abroad were also satisfactory. ATV Licensing increased profits by 15 per cent and the insurance, leasing and finance companies all operated profitably.

Referring to the acquisition of Intereuropean Property, the chairman says not only does the portfolio include the Classic Cinema chain but also a prime site in the Piccadilly Circus area on which it is planned to build a large entertainment centre with opening expected for the early eighties.

At March 31, 1979, the group had outstanding contracts for capital expenditure totalling some £3.39m (£1.87m) for which no provision has been made in the accounts.

As noted last year, the availability of stock relief, previously allowed to certain subsidiaries in respect of stocks of films and recorded programmes, has been questioned by the Inland Revenue whose arguments are being contested.

An alternative claim that expenditure on films and programmes should qualify for capital allowances, has been accepted in principle by the Inland Revenue.

Further discussion will have to take place with the Inland Revenue to clarify certain aspects of their acceptance and to determine whether this latest development will form the basis of a settlement the directors state.

Claims for stock relief have not been withdrawn and provision for tax deferred by reason of these claims, totalling £11.14m continues to be made in full. The group has been advised that no part of this provision is properly treated as a current liability.

Meeting, 17 Great Cumberland Place, W., September 13 at noon.

A. G. Stanley jumps £0.5m to £1.2m in first half

ON SALES up from £10.33m to £15.33m taxable profits of A. G. Stanley Holdings, home decorating materials retailer, jumped from £748,074 to £1.24m for the first half of 1979.

After tax of £398,500 (£290,000) earnings are shown as 3.3p (1.8p) per 5p share and the interim dividend is effectively raised to 1p (0.6667p) net—last year's final was 0.9667p. Cost of the interim is £199,560 (£106,295) after waivers by Mr. M. Stanley (chairman) and his brother on their combined holdings of 5.37m shares.

Recently-acquired subsidiary Morris and Blakey Wall Papers announces a pre-tax loss of £349,556 against a £182,590 profit for the period, and the interim dividend is being passed (0.44p).

Mr. Stanley, however, says he is not unduly concerned by the loss here as the company fits well into the group.

By extending the company's number of retail outlets, longer term plans can be accelerated, he adds.

Sales, excluding Morris and Blakey, for the first five weeks of the second half have been buoyant and the chairman is optimistic that with the 97 stores acquired from Berger Jenson and Nicholson in January 1979 making a contribution for the whole of the six months, the company will continue to trade successfully for the rest of the year.

Stanley's profit for 1978 was a record £1.9m.

Mr. Stanley says the most significant development in the period was the Berger stores acquisition, which necessitated "a considerable effort in rationalising the product offer, integrating employees and introducing the group's management system." This will be completed by the end of September, he adds.

The group had opened one Mr. Stanley store, specialising in DIY by June 30, and another in July. Both are trading up to expectations. A third is to open shortly, he says.

Turnover of Morris and Blakey rose from £5.08m to £5.34m for the six months. Trading loss of £99,556 (£182,590 profit) was before a non recurring debit of £250,000 (nil) in respect of pension liabilities which were not fully funded.

There was no tax (£54,777).

● comment

Stanley is continuing to make impressive inroads into the domestic paint and wallpaper market. Against a background of dull, though improving, demand in the wallcoverings sector, the company's first half profits are two-thirds higher. Admittedly, some of this is attributable to the first-time inclusion of the Berger shops and a few new openings, but the results also reflect an approximate 14 per cent sales rise from the original FADS outlets. This advance appears to be partly at the expense of the supermarket chains (many of which are experimenting with DIY products) but more importantly the small private trader. The first half growth trend appears to be continuing into the second half, which will include the loss-making Morris acquisition. In an attempt to boost Morris sales, Stanley has increased its range of goods and is hopeful of a breakeven situation, or even a small profit, for the year. Overall, group profits should top £2.5m for the full year at which level the shares, at 77p, sell on a prospective fully taxed p/e of 17 (average capital) while the yield is 4.5 per cent—a rating reflecting DIY involvement.

Broadstone Inv. rises to £720,327

Taxable revenue of Broadstone Investment Trust rose from £646,082 to £720,327 in the half year to June 30 1979.

The interim dividend is being lifted from 1.55p net to 2p to reduce disparity between the midway and final payments. The total dividend last year was 5.7p on taxable profits of £1.28m.

Tax at half way was up from £231,423 to £278,714.

At June 30, net asset value was 197p, against 207.4p a year earlier.

Negretti factory fire

Production at Negretti and Zambra's Aylesbury factory is expected to return to normal within the next few months after a fire on July 30 destroyed the production assembly area. This was devoted to the Series 33 electronic recorders and the MPC 80 microprocessor-based industrial process control system.

Production of both product lines has restarted in another part of the factory.

The fire, which was caused by an electrical fault, did damage amounting to several hundred thousand pounds. This and consequential losses are fully covered by insurance.

Allnatt forecasts over £4.75m

Mr. Leslie H. Smith, chairman of Allnatt London Properties, expects taxable profits to exceed £4.75m in the current year.

As reported on July 20, the pre-tax surplus reached a record £4.25m (£3.47m) in the year to March 31, 1979. The net total dividend is lifted from 4.3p to 6.45p. A one-for-one scrip is also proposed.

In his annual statement, Mr. Smith says he anticipates that the rent roll will rise to about £6.5m in the current year, and that rent receivable will be over £6m. Retained profit is expected to be sufficient to take the reserves to £9m after transferring £5m for the scrip issue.

He says that, a little while ago, he would have said prospects were excellent. The increasingly serious oil crisis, resurging inflation and the high cost of money now makes the business outlook less rosy in the longer term.

But, the chairman adds, the amount of development the company has in progress is higher than in recent years, although taking longer to complete.

At balance date, properties were shown at £34.24m, against £33.02m. Current assets were £4.67m (£2.21m), and current liabilities £5.28m (£3.67m). Cash and short-term deposits increased by £2.17m (£387,979).

Meeting, Winchester House, EC, September 6 at noon.

Electronic Rentals up to budgets

THE CURRENT year has started well with profits in line with budgets, says Mr. Maurice Fry, chairman of Electronic Rentals Group, in his annual statement for the 12 months to March 31, 1979.

Last year the group made taxable profits of £14.7m (£13.7m) after writing off £3.45m which was mainly to cover the cost of rationalising and integrating the British Relay Wireless and Television acquisition, made in December 1978.

Largely as a result of the £60m BRW acquisition the group's bills and borrowings increased by £38m to £70.3m and the gearing ratio increased from 0.71 in March 1978 to 0.98 in March this year. Mr. Fry adds that although borrowings have increased substantially in the short-term, the gearing ratio should reduce to a more normal level within a two-year period with the impact of greater cash flow and profits generation.

The chairman adds that he looks to the future with great confidence, particularly the prospects for television rental, at home and abroad.

The group is expecting an instant demand, heavily biased towards rental, for Videodisc which should be available for the UK market at the end of 1980 or early 1981.

Mr. Fry says that further modest expansion and increased profitability is expected from the retail division. He adds: "We must, and will, ensure that the camping and leisure division achieves profits more in line with turnover and assets employed."

On the camping and leisure side the chairman points out that Europleasure, the division's UK wholesale company which made a second-half loss last year, is trading profitably and EPIgas budgeted to break even, is one target. EPIgas was the other company in the division to show an increased loss. It has recently been appointed sole distribution agent of Agni butane gas heaters which should significantly effect turnover this year, says Mr. Fry.

The overseas rental companies have been firmly established and the group is looking for an expansion in these markets as new higher technology products are introduced.

See Lex

OIL AND GAS NEWS

Stanford Mines has North Sea hopes

Canada's Stanford Mines has established a UK subsidiary, Stanford Mines (UK). It hopes to participate in oil exploration in the North Sea, and to use its mining exploration expertise to look for mineral projects here.

The Canadian parent was recently involved in a deal with the Mackan Group, a private Canadian company owned by the Tanenbaum family.

Mackan purchased 1.1m Stanford "A" treasury shares at C$0.55 a share and has an option on 425,000 additional shares which can be bought from former president, John A. Hamilton, for C$0.50 each until July 3, 1980.

Mr. Howard A. Tanenbaum became chairman of Stanford Mines and Mr. Ian Alford the president.

* * *

In a similar move to last week's farm-in deal with Woodside Petroleum, British Petroleum is to earn 50 per cent of Woodside's stake in offshore permit WA-32-P by paying 80 per cent of the latter's share of the cost of drilling of deepwater well.

Holdings in the permit now comprise of Woodside, 25 per cent, BP, 41⅔ per cent and California Asiatic Oil and North West Shelf Development with 16⅔ per cent each.

ABERCOM INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

Audited Income Statement for the year ended 30th June, 1979

	1979 R'000	1978 R'000
Turnover	132,776	99,004
Income before taxation	8,530	4,637
Taxation	973	854
Income after taxation	7,557	3,783
Minority interests	505	302
Net income	7,052	3,481
Dividends received from associated companies	168	172
Net earnings	7,220	3,653
Ordinary shares in issue (averaged) (000's)	15,010	14,046
Earnings per share	48 cents	26 cents
	25.4 pence	15 pence
Dividends per share	20 cents	17 cents
	11.1 pence	10 pence

OPERATIONS

The Board is please to report higher earnings for the year to 30th June, 1979. Profit after tax attributable to ordinary shareholders amounted to R7,220,000 which represents an increase of 98 per cent over the previous year. Profit before taxation was R8,530,000 an increase of 84 per cent.

We benefited from a low rate of taxation during the year under review due to investment allowances in the UK and in South Africa and the utilisation of assessed losses. We expect the group's rate of taxation to increase *during the current year.*

Strengthening of management and of financial control of the Group as a whole, together with rationalisations and improvements described in earlier reports, have contributed to the improved results. Demand for industrial fans remains strong and our fan companies performed creditably. We expect continued growth in this area during the year ahead. We have increased the scope of our spring-making activities and overall profitability from this area as well as that from our other component manufacturing companies has grown. We anticipate further gains in performance from these activities during 1979/80. Substantial reorganisation of our design engineering and fabrication companies proved necessary during the year and, as anticipated, our overall results in this area improved, but to a lesser extent than we had expected at the half-year. Order backlogs are higher here than at this time last year, however, and we are seeing an increased availability of work in the market place. The outlook, therefore, remains encouraging and we expect results for 1979/80 to move favourably, given that political and economic trends do not turn against our businesses in South Africa and abroad.

DIVIDEND

Dividend No. 33 has been declared at the rate of 10 cents (5.3 pence) per share and will be payable to shareholders registered on the Johannesburg and London registers on 7th September, 1979. Dividend cheques will be posted on or about 1st October, 1979, those for shareholders on the London register being drawn at the rate of exchange then in force, non-resident shareholders' tax, where applicable, will be deducted.

ANNUAL REPORT

The annual financial statements will be posted to shareholders on or about 26th September, 1979.

Abercom Investments Limited,
7th Floor,
20 Anderson Street,
Johannesburg.

By Order of the Board,
D. J. McLoughlin,
Secretary.

14th August, 1979.

NOTICE OF REDEMPTION

To the Holders of

THE PROCTER & GAMBLE INTERNATIONAL COMPANY

6½% Guaranteed Debentures Due 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of September 15, 1967, between The Procter & Gamble International Company, The Procter & Gamble Company, as Guarantor, and Morgan Guaranty Trust Company of New York, as Trustee, $1,350,000 principal amount of the above Debentures have been selected by lot for redemption on September 15, 1979, through operation of the Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to said redemption date, each in the denomination of $1,000 bearing the serial numbers with the prefix letter "M" as follows:

Outstanding Debentures bearing serial numbers ending in any of the following two digits:

05 06 10 28 30 45 47 65 69 72 76 79 90 91 96

Also Debentures bearing the following serial numbers:

3	1159	4859	7059	9359	10759	12259	14459	16859	18259	19759	22159	23759
6	3059	6759	8559	9559	10859	13359	14759	17559	19259	20059	22859	
359	4559	7159	9159	10559	11259	14059	16359	18159	19459	20359	23559	

On September 15, 1979, the above Debentures will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Payment will be made upon presentation and surrender of the above Debentures with coupons due September 15, 1980 and subsequent coupons attached at (a) the **corporate trust office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015**; or (b) the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt, London and Paris; Banca Vonwiller & C. S.p.A. in Milan; Bank Mees & Hope NV in Amsterdam; and Kredietbank S.A. Luxembourgeoise in Luxembourg. Payments at the offices referred to in (b) will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee, with a bank in New York City.

Coupons due September 15, 1979 should be detached and collected in the usual manner.

On and after September 15, 1979 interest shall cease to accrue on the Debentures selected for redemption.

THE PROCTER & GAMBLE INTERNATIONAL COMPANY
By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, *Trustee*

Dated: August 15, 1979

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF $1,000 EACH

M 485	1210	3182	3205	6640	9089	11360	13504	19509	20130	20156	20178	20210	20253	20270	20320
487	1213	3183	3537	6641	9128	11363	13767	19513	20132	20157	20191	20215	20254	20276	21503
508	1231	3191	4370	6830	9164	11366	13797	19792	20137	20160	20193	20220	20260	20280	21511
518	1235	3192	4573	7560	10670	11582	13810	19796	20141	20163	20194	20221	20261	20283	21556
522	3156	3194	5423	7709	10965	11583	14547	19798	20143	20164	20197	20225	20263	20294	21965
540	3158	3195	5425	7716	11354	12684	18303	19809	20144	20165	20199	20232	20265	20300	22942
542	3178	3199	6604	8499	11356	13316	18028	19811	20149	20174	20203	20234	20267	20307	
1204	3181	3201	6638	9087	11358	13364	18097	19822	20151	20175	20206	20241	20268	20315	

MINING NEWS

Japanese join queue of buyers for Ranger

BY KENNETH MARSTON, MINING EDITOR

POTENTIAL buyers for part, or all, of the Australian Government's 50 per cent stake in the Ranger uranium prospect in the Northern Territory are gathering in front of the September 30 deadline set for firm proposals.

They include Japanese electric power companies which are reported to have approached the International Trade and Industry Ministry in Japan with a plan to form a Japanese consortium.

According to industry sources in Tokyo, the Ministry has assured the Japanese firms of its active backing for the consortium in the coming negotiations with Australia. In all, some 24 Australian and overseas companies have so far expressed interest in acquiring a stake in Ranger.

The Commonwealth Government's decision to part with its holding in Ranger, announced earlier this month, fitted in with its view that participation in a mining project is not part of the Government's philosophy—a view that has angered the Labor opposition.

Not too happy about the proposal, either, are the other two shareholders, Peko-Wallsend and EZ Industries which jointly own the remaining 50 per cent—the Government, it should be noted, is committed to providing the larger share, 72½ per cent, of the estimated A$300m (£151.5m) or so required to bring Ranger to production in 1981. An annual rate of 3,000 tonnes of uranium oxide is envisaged.

Peko and EZ feel that the Government's stake of 50 per cent in Ranger was expropriated by the Whitlam administration and that it should now be returned to them and not sold to others by the present administration. The fact that the two companies have a right of first refusal to the shareholding is seen as irrelevant.

The Government, on the other hand, may feel that it has a right to recoup something over and above the amount that the Commonwealth has already spent on the project, especially as it was prepared to provide the larger share of the financing costs.

Pohang Steel about to start on $73m U.S. coal venture

THE South Korean state-owned steel producer, **Pohang Iron and Steel**, is about to go ahead with the development of a coking coal mine in Pennsylvania at a cost of $73.5m (£32.7m), reports our correspondent in Seoul.

The company has established a subsidiary in the Antilles, **Taemona Coal**, to own the mine which will be developed by **Barnes and Tucker** of the U.S. Work is to begin on the project almost immediately.

Deposits at the mine site are put at 22m tons of fine coking coal. Production, when the mine is fully developed in 1983, is forecast at 646,000 tons a year.

The U.S. mine is the second overseas coal development undertaken by the Korean steel giant. Last year Pohang entered into a joint venture in Australia with the local **R. W. Miller Holdings** to establish a coking coal operation at Mount Thorley, in the Hunter Valley of New South Wales.

The Korean company will have a 20 per cent equity stake in the Australian venture which has estimated reserves of 100m tons. The project is currently awaiting the issue of a mining permit by the NSW Government.

Pohang is keen to enter into development projects for new coal mines in order to ensure a stable supply of coke for its furnaces. Iron and steel production is to be built up from 8.7m tons this year to the 16.5m tons which will be needed to satisfy projected South Korean domestic demand in 1985.

NSW BASE-METAL EXPLORATION

Traces of nickel, copper and cobalt have been found in central western New South Wales by a team from the Australian Scientific and Industrial Research Organisation.

A spokesman for the organisation said that the deposits were found in a 1,000-sq-kilometre area south of Bathurst. More investigations would be carried out to determine whether the find had commercial potential.

The spokesman added that the minerals were discovered in a geographical area similar to those in which nickel deposits had been located at Kambalda and other centres in Western Australia.

MANGULA IS TO REFINE COPPER

Zimbabwe Rhodesia's leading copper producer, **MTD (Mangula)**, a member of South Africa's **Messina group**, is to build an electrolytic copper refinery adjacent to its Alaska copper smelter in north-east Zimbabwe Rhodesia.

Work on the refinery is scheduled to start next month and it will come on stream in 1981. The cost is estimated at Rh$5.3m (£3.5m) and the plant will have a capacity of 20,000 tonnes of copper a year.

It will be financed from local borrowings and Mangula says that dividend payments should not be affected. Until now copper has been smelted in Zimbabwe Rhodesia but the refining process has been carried out in South Africa.

Davies & Metcalfe down so far

AFFECTED by recent national industrial problems pre-tax profits of Davies and Metcalfe, mechanical and electrical engineering group, fell short of last year's first half £249,260 and finished the six months to June 30, 1979 at £223,886. Sales for the period went ahead from £3.36m to £3.68m.

All sections of the business are expected to continue trading profitably, the directors state, and good order books have been maintained.

Profit for the whole of 1978 rose to a record £468,000 (£330,000). On reporting the annual results directors said they viewed the current year's trading with confidence.

Pre-tax profit for the first half included 11 months' trading from the group's Australian subsidiary. And it was subject to tax of £116,421 (£129,615).

The interim dividend, on capital increased by last April's rights issue, is raised to 0.45p net, as expected, compared with 0.2456p. A final of 0.89p (0.4804p) is also forecast.

Benford dividend policy

The directors of **Benford Concrete Machinery** have considered future dividend policy. In earlier statements they said they wished to pay a larger proportion of profits earned to help maintain the return in real terms in the light of inflation.

In deciding what the appropriate dividend should be, however, the directors have had to bear in mind the difficult trading conditions in home and overseas markets. It is expected that this will result in lower profits for 1979 compared with those achieved in 1976 to 1978.

As reported yesterday pre-tax profits fell to £1.3m (£1.61m) in the first half of this year. The directors forecast a 30 per cent increase in the total net dividend to 2.625p (2.028p), providing the year's trading results continued to follow a similar pattern to that of the first half.

Commercial Union Assurance Company Limited

The Board announces estimated and unaudited profits for six months to 30th June, 1979, of £35.9m (1978 £40.2m) after providing for taxation.

	6 months to 30th June 1979 Estimate	6 months to 30th June 1978 Estimate Restated	6 months to 30th June 1978 Estimate Published	Year 1978 Actual
	£m	£m	£m	£m
PREMIUM INCOME	610.8	551.6	615.2	1,100.7
Investment income	74.0	64.3	71.4	143.3
Life profits	7.4	6.9	7.3	15.0
Underwriting result (table below)	(17.2)	(4.0)	(4.3)	2.9
Associated company's earnings	.4	—	—	—
Loan interest	(6.5)	(9.0)	(10.2)	(19.0)
PROFIT BEFORE TAX	58.1	58.2	64.2	142.2
Taxation and minorities	(22.2)	(21.6)	(24.0)	(54.4)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	35.9	36.6	40.2	87.8
EARNINGS PER SHARE	8.75p	8.92p	9.79p	21.37p
SHAREHOLDERS' FUNDS	£666m	£569m	£611m	£647m
UNDERWRITING RESULT	£m	£m	£m	£m
United Kingdom	.2	.6	.6	3.8
United States	(11.5)	(.3)	(.3)	7.7
Australia	(1.8)	(1.1)	(1.1)	(1.7)
Canada	1.1	.3	.3	.1
Netherlands	(5.2)	(5.6)	(6.0)	(11.4)
Remainder	—	2.1	2.2	4.4
	(17.2)	(4.0)	(4.3)	2.9

The fall in the profit attributable to shareholders from £40.2m for the first six months of 1978 to £35.9m for six months to 30th June 1979 was due to the deterioration in underwriting results, practically all of which occurred in the first quarter.

Because of the significant rise in the value of sterling relative to most other currencies, results for six months to 30th June 1978 have been restated at rates of exchange prevailing at 30th June 1979. This shows that the underlying growth in worldwide premium income for the first six months of 1979 was approximately 11% and that investment income, net of loan interest, increased by 22%.

In the United Kingdom, underwriting returned to profitability during the second quarter due to improved results in most classes.

Premium income in the United States showed an increase of over 11% and there was some improvement in underwriting experience in the second quarter in the property and motor accounts. The statutory operating ratio was 105.1% (1978 100.3%). The claims ratio to earned premiums was 72.9% and the expense ratio to written premiums was 32.2%. Comparative ratios at 31st March 1979 were 76.1% and 29.5% respectively.

In Australia, there was a small underwriting loss in the second quarter and the underlying competitive conditions in the market have remained most unsatisfactory. In Canada an underwriting profit has been achieved, but market conditions have become *increasingly difficult.*

Underwriting in the Netherlands continued to show some improvement over last year particularly in the motor account which has benefited from rate increases. Adverse experience in other parts of Europe during the past quarter has produced a break-even underwriting result for Remainder.

Dividend

As announced by the Chairman at the Annual General Meeting, the Directors have decided to reduce the disparity between the interim and final dividends by increasing the interim dividend to about 45% of the total dividend paid for 1978. This should not be taken as an indication of the amount of the total dividend for the year, which will be determined in the light of the results for 1979.

Accordingly, an interim dividend of 4.000p (2.863p) per share which, with tax credit of 1.714p (1.410p) per share available to certain shareholders, totals 5.714p (4.273p) per share, will be paid on 16th November next to Ordinary Shareholders on the Register of Members at 19th October, and will cost £16.4m (£11.8m).

Following the retroactive reduction in the rate of Advance Corporation Tax, the Directors have also decided to pay an additional dividend in respect of 1978 to restore the 1978 final dividend, with tax credit, to that assumed at the time of the declaration under the then existing conditions of dividend control. This will be 0.254p per share which, with tax credit of 0.109p per share, will amount to 0.363p per share. The cost is £1.0m and payment will be made with the interim dividend to all shareholders on the Register at 19th October.

The total payment to shareholders on the Register at 19th October is, accordingly, 4.254p per share which, with tax credit of 1.823p, per share, amounts to 6.077p per share, at a total cost £17.4m.

Life

New life assurance business (world-wide) was as follows:—

	6 months to 30th June 1979 £m	6 months to 30th June 1978 £m	Year 1978 £m
New sums assured	1,216.9	1,084.1	2,283.1
New life and annuity premiums	32.1	30.5	68.1
New annuities per annum	24.3	28.4	75.4

The results of the Company's operations have, as usual, been converted at rates of exchange prevailing at the close of the periods reported. These were as follows:—

	30th June 1979	30th June 1978	Year 1978
United States	2.18	1.85	2.04
Australia	1.93	1.61	1.77
Canada	2.53	2.08	2.42
Netherlands	4.42	4.12	4.03

Insure with Commercial Union Assurance

UK COMPANY NEWS

Letraset ahead 42% and making £9m cash call

A 42 per cent pre-tax profits increase to a record £10.5m for the year to April 30, 1979, and a rights issue to raise £9m net has been announced by Letraset International, the arts material group which acquired stamp dealers Stanley Gibbons International earlier this year.

Part of the rights cash will be used to buy a U.S. stamp collection for $10m—said to be the largest purchase in philatelic history.

The issue is on the basis of one-for-four at 110p per share, payable by September 5. Dealings in the new shares are expected to begin nil paid tomorrow.

The issue has been underwritten by Kleinwort Benson, and brokers are Rowe and Pitman and Grenfell and Colegrave.

Sales for the year were up from £33.57m to £50.09m. The results include Stanley Gibbons since January, J. and L. Randall since last May and Thomas Salter since last July.

A second interim dividend of 5.50318p net has already been declared, making a total of 6.49018p—a 20 per cent increase. Stated earnings are 19.26p (16.65p).

The directors state that if trading conditions continue at satisfactory levels, they anticipate a dividend increase of at least 10 per cent this year.

They add that the rights issue will ensure they are able to take advantage of the substantial growth opportunities open to the group.

Explaining the reasons for the rights, the board says the Stanley Gibbons acquisition has created a major opportunity to expand into a new and specialised area in international markets. Its potential for expansion "is considerably greater than its initial expectations, particularly in international markets.

"Since Stanley Gibbons is primarily a dealer, this expansion has to be supported by a substantial increase in the company's stock in trade."

Reviewing 1978/79, the directors report that sales in the graphics division increased by nine per cent or 20 per cent at constant exchange rates.

	1978/79 £000	1977/78 £000
Sales	50,093	35,568
Operating profit	8,894	7,196
Other income	1,562	245
Associated loss	(51)	(34)
Profit before tax	10,505	7,407
Tax	4,630	3,862
UK	2,474	1,909
Overseas	2,156	1,953
Net profit	5,875	3,545
Minority losses	29	†1
Extraordinary debit	686	30
Attributable	5,180	3,516
Dividends	2,163	1,523
Retained	3,017	1,993
Share capital	3,413	2,146
Reserves*	12,543	9,813
Shareholders' interest	15,958	11,959
Fixed assets	10,462	3,781
Current assets	35,488	18,952
Stocks and work in progress	19,728	6,420
Current liabilities	26,578	10,456
Net current assets	8,910	8,496

† Profit. * After deducting goodwill.

Increases in volumes were in line with previous years and market share was maintained throughout the division's international markets. The cash flow generated by the division remained "healthy."

Stanley Gibbons traded satisfactorily for the four months consolidated. Purchases of collectables increased the division's investment in stocks to £9.5m at year end — acquisition of the U.S. collection will significantly affect the divisions' trading during 1979/80.

.K. sales in the leisure division "have been strong and margins have remained satisfactory."

See Lex

Advance for McKay Securities

AFTER FURTHER improvement in the second half, taxable profits of McKay Securities advanced from £386,104 to £710,709 in the year ended March 31, 1979. A final net dividend of 1.25p hoists the total from an equivalent 0.52518p to 1.6p.

At midway the pre-tax surplus was up from £193,000 to £301,000 and the directors then said they expected the second-half results to be not less than those of the first.

After tax of £289,691, against £150,388, stated earnings per 20p share at the year-end were up from 3p to 5.1p.

Minorities are ahead from £1,203 to £8,087 and there is an extraordinary debit of £3,940 (£69,941).

HAT Group off to good start

Mr. A. C. V. Telling, chairman of HAT Group is confident that with recently acquired Glass and Metal Holdings, the continued progress in other divisions, and first quarter trading results some 30 per cent up on last year, the group is on course for record profits.

As reported on July 18 taxable profits for the year ended February 28, 1979, advanced from £2.09m to £2.62m on turnover of £75.2m (£64.4m). The dividend is effectively raised to 1.71p (1.5087p) per share.

Mr. Telling says the profit improvement stems mainly from the performance of the painting, merchanting and mechanical services divisions. Most of the other divisions made valuable contributions, he adds, "and seem well poised to do better this year."

With the advent of Glass and Metal the chairman says group turnover is currently exceeding £85m per annum.

At balance date fixed assets stood at £9.38m (£6m) and net current assets were £5.7m (£6.5m).

A revaluation of the freehold and leasehold properties at the year end resulted in a surplus of £2.15m which has been taken to reserves.

Meeting, Wrington, Avon, September 6 at noon.

Moves for easy identification

A new move to help investors identify individual investment trusts with the groups managing their money was announced yesterday.

Murray Johnstone, the Glasgow-based company which manages six investment trusts, is to ask shareholders at annual meetings this year to approve new names for their companies prefaced by the word Murray.

The Second Great Northern Trust, for example, will become Murray Northern Investment Trust, while Glenmurray Investment Trust will be known as Murray Minor Investment Trust.

Mr. Raymond Johnstone, managing director, says the new names will enable investors to know precisely who is looking after their money.

BIDS AND DEALS

Hall Engineering selling off Bidston mill to Manchester Steel for £11m

THE SHARES of Hall Engineering rose 13p to 147p yesterday on the news that it intends to sell its problem mini steel mill at Bidston for £11m, a price equal to its net asset value.

The buyer is Manchester Steel, a subsidiary of the Norwegian Elkem-Spigerverket group, which already operates a similar-sized mini mill in Manchester.

The deal, involving the sale of around a third of Hall's total assets requires the approval of shareholders and loan stock holders who will be circularised with the details as soon as possible.

Hall built the mini mill in 1974 to supply steel bars for its subsidiary, British Reinforced Concrete Engineering. Unfortunately, instead of the anticipated early contribution from the mill it made losses of £1.2m in 1976 and did not begin to come right until last year when it made a net contribution before interest and management charges.

One of the problems was that the reinforced concrete division could not absorb the mini mill's 120,000 tonne per annum capacity and Hall found it difficult to sell spare output to competitors.

Under the deal with Manchester, the mini mill, recently restructured as a separate company called Bidston Steel, will continue to supply the reinforced concrete division's needs for steel bar—currently around 30,000 tonnes per year—for five years at competitive market prices.

For some time Hall has been aware that the ideal of vertical integration, its reason for building the mill, was not working and has been looking for a partner or buyer for the project.

At the same time, Manchester had reached the limit of its capacity at its own mini mill and intended to build a second furnace there to supply the rod rolling mill it acquired from Johnson and Nephew (part of the Johnson Firth Brown Group) in 1976.

Manchester approached the EEC Commission which regulates Europe's iron and steel industries and was recommended to find another alternative to increasing steel capacity in Britain by building a new furnace.

One alternative was to buy in the full amount of extra billet needed direct from British Steel Corporation but the purchase of Hall's mill will reduce that need to around 100,000 tonnes a year.

The proceeds of the sale are to be spread over six years, starting with £5m on completion and with £200,000 interest per year payable in the later years.

Hall intends to direct the sale proceeds first to the reduction of group borrowings and then to further expansion in the group's main areas of interest.

No particular acquisitions or expansion projects have so far been identified though it is likely that some of the money will go to a capital reorganisation of the Shrewsbury Tool and Die company which was hit by strikes last year, and to modernisation in the South African forging and rolling plants.

Expansion into more developing countries is also on the cards and studies are being made of the possibility of entering the steel stockholding industry in this country.

● comment

Hall Engineering's decision to sell its mini mill which has made no real contribution to profits since it was opened lifted the market capitalisation by nearly 10 per cent—to £17.6m. Vertical integration is all very well but not if the spare output is such a high proportion of capacity and outside customers have the bargaining power. For Manchester, on the other hand, the mill provides a badly needed cheap source of supply. Thus the deal is a good for both companies, a fact reflected in the price. For Hall it means a surplus over book cost, although that will dribble in over a number of years. Meanwhile, the £5m to be paid immediately should be worth a good £½m reduction in interest charges this year and later there will be investments in tried and tested businesses—though Hall is rightly cautious about dashing out on a buying spree.

Hanson Trust now has 13.4% of Lindustries

Hanson Trust now holds 13.4 per cent of Lindustries, the engineering and textile group for which it has launched a £25m bid almost two years after its previous abortive attempt.

The holding reached its present level after the purchase of nearly 1.4m shares through the market at 135p each. Most of these came from institutional holders.

The formal offer documents are due to go out this Thursday, and Mr. Alan Hagdrup, a director of Hanson, stressed again yesterday that 135p a share "is the maximum price."

Institutions have "a reasonably large chunk" of Lindustries' equity, he added. There have been no contacts between the boards of two companies since Hanson announced its bid at the start of August.

Panel not acting on BTR complaint

BY ANDREW FISHER

The Takeover Panel is taking no action on the complaint made by BTR about the latest defence arguments against its increased £29m bid for Bestobell.

Hill Samuel, which is advising BTR, saw Panel officials late on Monday afternoon to object to the way in which Bestobell had presented its latest letter to shareholders.

The representations mainly concerned the inclusion in the letter of the Australian Foreign Investment Board (FIRB) among those expressing support, criticisms or worries about the offer.

As a result, the FIRB has sent a telex message to Mr. Graham Walsh, the Panel's director-general, confirming that it has made no public statements on the bid.

The Panel believes, however, that this is not inconsistent with what Bestobell has said. Mr. Sandy Marshall, the chairman, commented on Monday that FIRB officials had told Bestobell managers in Australia of their concern about the bid's possible implications.

BTR's managing director, Mr. Owen Green, said yesterday he was "bemused" by the Panel's reaction. But the company remained confident of the offer's outcome, he added, and now had "approaching 30 per cent" of Bestobell's shares. It will underline its arguments in a further letter today.

On the other statements to which BTR and Hill Samuel objected—concerning jobs and the dividend—the Panel felt that these were part of the normal language used in takeover conflicts.

Bestobell has already forecast 30 per cent higher pre-tax profits this year and a dividend rise. In Monday's letter, Mr. Marshall wrote that "if we can achieve higher profits than our 1979 forecast, we would of course consider a further increase in dividends."

GLOBE TRUST

Through two of its subsidiaries, Glove Investment Trust is now interested in 4.07m shares of the Barker and Dobson Group, amounting to 6.05 per cent of the share capital.

One subsidiary, Electra Investment Trust is interested in 3.97m shares while Electra Finance Company, is interested in 100,000 shares.

GUTHRIE MALAYSIAN JOINT VENTURE

Guthrie Berhad, a subsidiary of Guthrie Corporation, has formed a joint venture with Koperatif Serbaguna Malaysia to market fertilisers throughout Malaysia.

The joint venture, trading under the name Peladang Kimia, will take over the fertiliser division of Guthrie Berhad. The venture has received the approval of the Foreign Investment Committee and is designed to meet the objectives of the Malaysian Government's new economic policy.

Peladang Kimia will take over the agencies currently handled by Guthrie Berhad and will blend, package and market fertilisers and agricultural chemicals.

JACKSONS BOURNE END

Rossminster Holdings, which made a technical bid last spring for the 42 per cent of Jacksons Bourne End it did not already own, has been increasing its stake again. Yesterday it announced that it had bought a further 15,000 shares, bringing its stake up to 60.129 per cent.

In March, Dawngrange, a subsidiary of Rossminster which already owned 29 per cent of Jacksons, bought Guinness Peat's 29½ per cent holding and was forced to bid for the remainder. The bid price attracted few acceptances.

Mr. A. S. D. Cannon, Dawngrange's representative on the Jacksons Board, has also bought 4,000 Jacksons shares at 139p. At the time of Rossminster's bid he expressed doubts whether the potentially valuable industrial site in Buckinghamshire could be developed in the near future.

AMC FORMS NEW COMPANY

Amalgamated Metal Corporation, has formed a new company, AMC Sudamericana, based in Bermuda.

This company will trade in South America and will represent AMC's physical trading division in that area and incorporate the business of AMC's Brazilian subsidiary.

EDINBURGH ICE RINK BID

Edinburgh Ice Rink is considering the offer made late last week by the privately-owned Murrayfield Ice Rink and advises shareholders to take no action for the present.

Murrayfield is offering three of its own £1 shares and 50p cash for two shares in Edinburgh Ice Rink, in which businessman Mr. James Glasgow controls just over 35 per cent of the equity.

Edinburgh Ice Rink's advisers, British Linen Bank, said the bid's value was hard to determine because Murrayfield was a private company. Taking the Murrayfield shares at par, it would be worth about £1.75 a share or a total of £231,000.

The offer remains open until September 3.

SHARE STAKES

Electrical and General Investment. Post Office Staff Superannuation Fund has acquired 305,000 shares making holding 3,508,375 (19.4 per cent).

W. E. Norton (Holdings). J. M. Simon, director, has disposed of 100,000 shares at 34p leaving holding at 46,222 (0.22 per cent). Shares have been sold to meet a tax liability.

NORTH AMERICAN NEWS

Second quarter downturn in J. C. Penney income

BY STEWART FLEMING IN NEW YORK

J. C. PENNEY, the second largest U.S. retail stores chain, yesterday reported a severe downturn in profits in the second quarter of its current financial year, a result which reinforces gloomy predictions for the stores sector as the economy weakens.

Net income slumped to $16m, equal to 24 cents a share for the 13 weeks ended July 28, compared with $40m, or 58 cents a share, in the same period of last yer. For the first half, net income was only $51m, or 75 cents a share—a 29 per cent decline from the $73m, or $1.08 a share earned in the first half last time.

Second quarter sales rose a meagre 2 per cent, from $2.43bn to $2.48bn, while for the first six months sales volume was 4.5 per cent higher at $4.8bn, compared with $4.6bn a year ago.

Mr. Donald V. Siebert, chairman of the company, said that the profits of the company's stores and catalogue operations as well as other retail units were all lower than in the same period of last year. Gross profit margins also declined because of increased merchandising costs, in particular heavy price markdowns. In an effort to try move stocks, many retail stores have ben cutting prices and starting sales promotions rather earlier this year than normal.

The company said that the sales gain was not sufficient to offset the rise in selling, general and administrative expenses and interest costs which rose $12m or 2 per cent compared with the second quarter of 1978.

RCA and CIT talks reopened

BY OUR NEW YORK CORRESPONDENT

CIT FINANCIAL, leading independent finance house in the U.S., and RA, whose interests range from electronics to car rental, announce that they have resumed the merger talks which broke down last month. But in a joint statement the two companies warned that "there is no asurance that any agreement will be reached."

Following the news, CIT's shares rose $1⅞ to $44⅞ on the New York Stock Exchange. At this level they are still well below the $52 a share at which they were quoted in July following the first announcement that the two companies were talking. At that level CIT was valued at over $1bn.

Within a week, however, the two companies—on July 10—announced that the talks had been terminated. Although no reason, was given for the breakdown it was widely believed on Wall Street that RCA was then unwilling to meet the price which CIT felt put a fair value on the company. Outside estimates suggested that CIT could have been looking for an offer worth as much as $67 a share.

Since the breakdown of the talks with RCA, CIT has launched a takeover bid of its own. It announced last week that it was ready to pay $35 a share or a total of around $217m to acquire Integon, a North Carolina insurance company. The CIT move followed an earlier bid for Integon by Anderson Clayton.

RCA has made it clear for several months that it wanted to complete a major diversification into the financial services business and CIT, which has operations in commercial and consumer finance and insurance, appears to fit its plans neatly.

But with Wall Street well aware that the two companies have failed once, unexpectedly, to come to terms, speculators will undoubtedly be treating the latest development circumspectly.

Shearson Hayden doubles earnings

By Our Financial Staff

SHEARSON HAYDN STONE, doubled its earnings last year, despite a lacklustre final quarter. Net earnings at the year-end showed a rise from $10m to $20.1m, with per share earnings up from $2.11 to $3.78. Revenue, at $340m showed a gain of 37 per cent.

But hte fourth quarter turned in netearnings of only $6.1m, a fall of 3 per cent on the comparable period. Per share earnings dipped from $1.31 to $1.15. Revenue remained strong, showing a 15.6 per cent gain to $85.3m.

Shearson is already one of the largest companies in the securities industry, finding some 62 per cent of its revenue from agency commission and about 11 per cent from investment banking. About 6 per cent of last year's revenue came from customers in foreign offices.

The group is in the process of merging with Loeb Rhoades Hornblower, a privately-held securities firm, whose business it agreed to acquire last May. Under the proposed terms, Shearson would issue some $90m in debt and equity securities, and also expects to take over some $27m of Loeb Rhoades bank loans.

Mr. Sanford I. Weill, chairman and chief executive, said that the planned consolidation with Loeb Rhoades "is progressing according to plan and we expect the transaction to be completed before the end of the year."

INTERNATIONAL CAPITAL MARKETS

Swiss franc bond for Polish bank

BY FRANCIS GHILES

THE FIRST ever public bond issue in Swiss francs for an Eastern European borrower is currently being arranged for Bank Handlowy of Poland by Banque Gutzwiller, Kurz, Bungener. The amount of this floating rate note will be at least SwFr 30m for 10 years.

The borrower is paying an interest rate of ¾ per cent over the six-month Swiss interbank rate, with a minimum coupon of 5 per cent. A purchase fund will start operating at the end of the third year, and the issue can be redeemed at the option of either the borrower or the lender at yearly intervals starting from the end of the sixth year. Bank Handlowy is believed to have arranged a SwFr 41m private placement in the Swiss capital market recently.

A SwFr 200m 10-year public issue for New Zealand is being arranged by Swiss Bank Corporation. The borrower is paying a coupon of 4.375 per cent, and the issue is expected to be priced at 99½.

Crédit Suisse has arranged a SwFr 40m five-year convertible for the Japanese chemical company Toyo Soda Manufacturing which includes a coupon of 4⅞ per cent.

Th SwFr 100m 10-year public issue for Shikoku Electric Power started trading yesterday and was quoted at par in the middle. Other final terms for this issue, managed by UBS, include a coupon of 4¾ per cent.

In the Deutsche-Mark sector, the DM 50m six-year convertible for the Japanese supermarket chain Uny, which is being arranged by Deutsche Bank, has had a very warm reception.

This enabled the lead manager to cut the coupon by ¼ of a point to 6½ per cent. Allocations are understood to have been tight. Pre-market trading suggests a secondary market price of 100¾-101½.

The conversion price for the bond has been set at DM8.96 for each nominal share of Y50 in Uny. Uny shares were trading at Y985 on the Tokyo Stock Exchange yesterday.

Elsewhere in the Deutsche Mark market, prices both of foreign and domestic bonds eased on the day. The Bundesbank stepped in to support the doemstic market, and bought DM 9.8m of bonds during the day.

No new issues are expected before the Capital Markets Sub-Committee meeting, scheduled for next Monday: the calendar of new issues for the following four weeks will be decided then.

Prices of dollar-denominated bonds were slightly easier on the day, with most houses reportnig very little trading other than among professionals.

Setback for McDermott

By Our Financial Staff

FIRST quarter profit of the offshore oil and gas construction group J. Ray McDermott declined sharply to $18.4m from $32.3m on sales of $710m compared with $719m. Per share earnings dropped to 33 cents from 72 cents. In spite of the setback, the company sees improved results for the rest of the year.

McDermott experienced an operating loss of $22.5m in its marine construction services division and a loss of $5.1m in the other products and services sector, mainly in onshore construction.

Iveco examines U.S. expansion

BY JOHN WYLES IN NEW YORK

IVECO, the Italian-West German truck manufacturer, is to mount a feasibility study to investigate the pros and cons of assembling its trucks in the U.S.

Iveco, 80 per cent owned by Fiat and 20 per cent by Kloeckner-Humboldt-Deutz, of West Germany, is one of the few European diesel truck manufacturers which has sought to market medium-duty trucks in the U.S. through its own dealer network rather than that of an established U.S. manufacturer.

Having assembled a network of around 100 dealers and with hopes of selling around 2,000 vehicles a year by the end of next year, Iveco is now set to examine its next possible move. So far, only Mercedes Benz has announced plans to create a U.S. assembly factory for diesel trucks, although West Germany's MAN hoped to do so through an equity link with White Motor Company which it failed to negotiate earlier this year.

Mr. Ray Reardon, president of Iveco of North America, said yesterday the company's study would look at the feasibility of assembling not only Class 6 and 7 trucks (the medium duty range in the U.S.) but also a smaller delivery type vehicle. Diesel penetration of the smaller size categories in the U.S. is so far virtually non-existent, but with fuel economy now such a national preoccupation such a development is regarded as quite likely.

Mr. Reardon said that, on the surface, there were few cost savings to be achieved through U.S. assembly because import duties were not significant and neither were shipping costs. But local assembly could yield greater management flexibility, particularly in inventory control, and possibly lower priced components from U.S. sources.

The study would be carried out principally by Iveco staff at Turin in Italy with support from Iveco in North America. Mr. Reardon believed that it would be completed within a year.

Iveco is not yet releasing figures on its sales progress this year, but concedes that it will not now meet its 2,000 units target for 1979. This is principally due to a delay in entering the Californian market where tighter exhaust emission regulations have forced the development of a new fuel pump by the West German supplier, Robert Bosch.

Charter settles more Carey debt

JACKSONVILLE — Charter Company has signed a definitive agreement with Standard Oil of California to repay Socal's claims against the Bahamian operations of Charter's recently acquired Carey Energy Corporation.

The agreement provides for the payment of about $39m of the Socal claim in cash and $45m through the transfer to Socal of a 15 per cent interest in the Bahamian refinery, reducing Charter's interest to 50 per cent.

The pact also provides for Charter's purchase of a 50 per cent interest in a desulphurisation unit and docking facilities adjacent to the refinery from Socal for about $80m.

The Socal agreement completes efforts to obtain definitive agreements with all of Carey's major creditors.

The company previously announced definitive agreement with the two other major creditors, National Oil Corporation of Libya and National Iranian Oil Company.

Charter indicated that the Socal agreements are to be completed upon the entry by the Bahamian Supreme Court of a permanent stay of the liquidation proceedin.

Reuter

U.S. QUARTERLIES

FISCHBACH AND MOORE	1979 $	1978 $
Third quarter		
Revenue	189.1m	106.9m
Net profits	4.04m	3.07m
Net per share	1.21	0.92
Nine months		
Revenue	594.2m	491.8m
Net profits	10.13m	9.04m
Net per share	3.03	2.71

LANIER BUSINESS PRODUCTS	1979 $	1978 $
Fourth quarter		
Revenue	57.6m	41.7m
Net profits	4.5m	2.6m
Net per share	0.93	0.61
Year		
Revenue	183.5m	130.3m
Net profits	13.7m	8.0m
Net per share	2.82	2.14

JONATHAN LOGAN	1979 $	1978 $
Second quarter		
Revenue	98.9m	98.2m
Net profits	†304,000	2.15m
Net per share	†0.06	0.41
Six months		
Revenue	194.6m	187.9m
Net profits	445,000	3.59m
Net per share	0.08	0.68
† Loss		

LUCKY STORES	1979 $	1978 $
Second quarter		
Revenue	1.4bn	1.16bn
Net profits	25.51m	20.38m
Net per share	0.50	0.42
Six months		
Revenue	2.68bn	2.23bn
Net profits	46.21m	35.19m
Net per share	0.91	0.72

OSCAR MAYER	1979 $	1978 $
Third quarter		
Revenue	359.4m	349.6m
Net profits	13.67m	7.86m
Net per share	0.96	0.55
Nine months		
Revenue	1.04bn	977.5m
Net profits	34.5m	16.99m
Net per share	2.36	1.17

MEREDITH CORPORATION	1979 $	1978 $
Fourth quarter		
Revenue	77.1m	72.8m
Net profits	3.99m	3.11m
Net per share	1.29	1.01
Year		
Revenue	318.1m	286.8m
Net profits	16.33m	14.54m
Net per share	5.26	4.73

NATIONAL AIBLINES	1979 $	1978 $
Fourth quarter		
Revenue	155.8m	154.4m
Net profits	†3.77m	6.33m
Net per share	†0.44	0.74
Year		
Revenue	644.5m	589.4m
Net profits	6.1m	14.4m
Net per share	0.71	1.68
† Loss		

SUPERIOR OIL	1979 $	1978 $
Second quarter		
Revenue	257.7m	166.8m
Net profits	48.6m	33.0m
Net per share	12.12	8.25
Six months		
Revenue	476.3m	317.8m
Net profits	88.9m	55.4m
Net per-share	22.18	13.85

TAMPAX	1979 $	1978 $
Second quarter		
Revenue	44.7m	34.1m
Net profits	6.7m	5.2m
Net per share	0.77	0.46
Six months		
Revenue	86.2m	82.3m
Net profits	20.0m	15.5m
Net per share	1.84	1.38

TANDY CORPORATION	1979 $	1978 $
Fourth quarter		
Revenue	283.0m	251.7m
Net profits	20.0m	17.0m
Net per share	0.76	0.71
Year		
Revenue	1.3bn	1.1bn
Net profits	80.3m	66.1m
Net per share	3.23	2.75

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds, see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 14

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	98¼	98¾	0	+0¼	10.26
Alex Howden XW 9¾ 91	30	†81	81½	+0¼	−2⅞	12.62
Australian Res. 9¾ 84	30	97⅞	98¼	−0¼	−0¼	10.18
Avco O/S Cap. 10¼ 87	40	96¾	97¼	−0⅛	−0⅛	10.82
Bayer Int. F. XW 7¾ 88	200	83½	83¾	0	+0¼	10.01
Beneficial Fin. 9¾ 87	100	97⅞	98¼	−0⅛	−0¼	10.10
CECA 9¾ 84-99	50	94	94½	−0¼	−0¼	10.06
CECA 10¼ 91	150	97⅞	98½	0	+0¼	11.03
Canadian Pacific 9¾ 89	60	97⅞	98¼	−0⅛	+0⅛	10.06
Carter Hawley 9¾ 86	50	96⅞	97⅜	−0⅛	−0⅛	10.34
Comalco Inv. E. 10¼ 91	40	99½	100	0	0	10.28
Continental Grp. 9¾ 88	100	97⅞	98⅛	0	+0⅛	10.06
Dome Petroleum 10 94	50	95⅞	96⅜	−0⅛	−0¼	10.52
Dominion Bridge 10¼ 84	30	99⅞	100⅜	+0⅛	0	10.20
Dow Chem. O/S 9¾ 94	200	97⅜	97⅞	+0¼	0	9.93
EIB 9¾ 86	150	99¼	99¾	−0⅛	0	9.97
EIB 9⅞ 99	100	99⅞	100⅜	0	0	10.12
EIB 9⅞ 87	150	100½	101	+0⅛	+0⅛	9.97
EIB 10 99	150	100⅝	101⅛	−0⅛	0	10.12
Export Dv. Cpn. 9.85 84	150	100¼	100¾	0	+0⅛	9.94
Export Dv. Cpn. 9¾ 84	100	97	97½	−0⅛	−0⅛	10.08
Finland 9½ 88	100	97½	98	0	+0⅛	9.96
Finland 9⅞ 89	100	98⅛	98⅝	−0⅛	−0⅛	10.13
GTE Finance 9½ 84	50	97¼	98¼	−0⅛	0	10.04
GTE Finance 9¾ 89	55	95½	96⅛	−0⅛	−0⅛	10.43
General Motors 9⅜ 89	100	97⅜	97⅞	0	0	9.73
Gould Int. Fin. 9¾ 85	50	98⅛	98⅝	+0⅛	+0⅛	10.12
Hoechst Fin. XW 6¾ 89	125	*†79½	79⅞	−0⅛	−0⅛	10.15
Hudson Bay Co. 10 94	50	98⅞	99⅜	0	0	10.12
ITT Antilles 9⅛ 89	75	95⅞	96⅜	−0⅛	+0⅛	10.13
Kennecott Int. 9½ 86	100	94⅞	95⅜	−0⅛	−0⅛	10.58
Manitoba 9½ 89	75	96⅞	97⅜	0	0	10.00
Nat. Des Telcom. 9¾ 86	100	97⅞	98⅜	−0⅛	0	9.88
New Brunswick 9¾ 94	75	96	96½	−0⅛	−0⅛	10.24
Newfoundland 10 94	50	98⅛	99⅛	−0⅛	0	10.14
Norsk Hydro 9¾ 94	50	94⅜	94⅞	−0⅛	−0⅛	9.95
Norway 9¾ 84	150	100½	100⅞	0	−0⅛	9.87
Norway 9½ 84	150	98¼	98¾	0	−0⅛	9.89
Nova Scotia Pwr. 9¾ 89	50	97⅛	97⅝	−0⅛	0	10.15
Occidental Fin. 10¼ 84	50	99½	100	0	−0⅛	10.30
Orient Leasing 9½ 86	25	†96¼	96⅞	+0⅛	0	10.32
Pennwalt O/S F. 9¾ 84	25	98⅛	98⅝	0	0	10.14
Pepsico Cap. 9¼ 84	100	[illegible]	98⅛	−0⅛	+0⅛	9.71
Portland 10 84	50	97⅜	97⅞	0	−0⅛	10.65
Quebec Hydro 10 99	75	[illegible]	96½	0	+0⅛	10.49
Redland Fin. XW 9½ 91	25	90½	91¼	0	+0⅛	10.91
Sears Roebuck 9 82	150	97⅞	98⅛	−0⅛	0	9.83
Statoil 9⅝ 89	100	97	97½	−0⅛	−0⅛	10.07
Stockholm 9¾ 94	80	†99½	100	+0⅛	0	10.02
Sweden 9¾ 89	100	98½	99	+0⅛	+0⅛	9.94
Sweden 9½ 88	200	†99	99½	0	+0⅛	9.88
Unilever NV 9¼ 87	100	95¾	96¼	−0⅛	0	9.90
Warner-Lambert 9 84	100	97	97½	0	+0⅛	9.72

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7½ 89	150	95¾	96¼	−0⅛	+0⅛	8.10
Banco Desarrollo 7¼ 86	100	94¾	95¼	−0⅛	−0⅛	8.28
Barclays O'seas 6¾ 89	100	98⅞	99⅜	0	+1⅛	6.85
Brazil 7¼ 87	150	97¼	97⅞	0	+0⅛	7.69
Brazil 8 87	150	100¾	101¼	−0⅛	0	7.82
CECA 7 91	150	98⅛	98⅝	−0⅛	+0⅛	7.20
Copenhagen City 6 90	75	91½	91⅞	+0⅛	0	7.14
Council of Eur. 7¼ 89	100	99⅜	99⅞	−0⅛	−0⅛	7.32
Denmark 5¾ 85	100	†94¼	94¾	−0⅛	−0⅛	6.98
Denmark 6½ 89	100	94¾	95¼	−0⅛	+0⅛	7.26
EIB 6½ 91	200	94⅞	95⅜	0	+0⅛	7.13
EIB 7½ 89	200	101½	102	−0⅛	0	7.26
Eletrobras-Brazil 7 87	100	97⅛	97⅝	+0⅛	+2⅞	7.46
Eurofima 6½ 89	100	98½	99	0	−0⅛	6.69
Finland 6 83	150	99⅜	99⅞	−0⅛	−0⅛	6.13
Mitsubishi Chem. 6½ 84	70	100⅞	101⅜	+0⅛	−0⅛	6.21
New Zealand 6¾ 87	200	98⅞	99⅜	0	−0⅛	6.37
Nippon Kokan 6½ 84	100	98⅞	99⅜	−0⅛	−0⅛	6.75
Nippon Tel. & T. 5½ 87	100	93⅜	93⅞	0	+0⅛	6.60
Nordic Inv. Bk. 6¾ 86	60	96½	97	+0⅛	+0⅛	6.91
Norges Komm. 7¾ 91	150	103¾	104¼	−0⅛	+0⅛	7.22
Norway 6¾ 84	200	100⅞	101⅜	−0⅛	−0⅛	6.05
Occidental 6¾ 90	150	94⅛	94⅝	−0⅛	+0⅛	7.50
OKB 6½ 88	100	96⅞	97⅜	−0⅛	0	6.90
OKB 6 87	40	†94¾	95¼	0	+0⅛	6.82
Tokyo Elec. Pwr. 6½ 85	200	98½	99	0	0	6.76
Venezuela 6½ 90	150	90	90½	0	+0⅛	7.83
World Bank 6¾ 88	400	93¾	94¼	−0⅛	0	7.17
World Bank 7¾ 91	400	101¾	102¼	−0⅛	−0⅛	7.49

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	100¾	101	+3⅞	+4⅞	5.38
Asian Dev. Bank 3½ 94	100	84¾	85	−0⅛	−0⅛	4.99
Aumar 5 89	60	102	102½	−0⅛	−0⅛	4.72
Austria 3½ 93	100	†90¼	90½	+0⅛	0	4.42
Australia 3¾ 89	250	95⅜	95⅞	−0⅛	0	4.17
Bergen, City of 4¾ 91	40	102	102½	−0⅛	+0⅛	4.51
BNDE 5 89	75	95	95½	−0⅛	−0⅛	5.65
Brazil 4¼ 88	100	95¼	95½	−0⅛	−0⅛	4.88
Canada 3¾ 89	300	96⅞	95⅞	−0⅛	−0⅛	4.07
Council of Eur. 4¼ 90	100	99⅞	100⅛	−1⅛	−1⅛	4.25
EIB 4½ 91	100	100	100½	−0⅛	0	4.48
Heron 4¼ 89	35	95½	95¾	−0⅛	−0⅛	4.83
ICI Fin. NV 3½ 94	230	89	89¼	−0⅛	−0⅛	4.53
Malaysia 4¾ 90	80	96⅛	96⅝	−0⅛	+0⅛	5.15
New Zealand 3½ 94	120	89¼	89¾	−0⅛	+0⅛	4.50
Nordic Bank 6 89	45	103	103¼	−0⅛	+0⅛	4.60
OKB 3¾ 91	100	91⅛	91⅝	+0⅛	+0⅛	4.73
Pfand Ost. Lande 4 90	60	95¼	95½	+0⅛	+0⅛	4.55
Philippines 4¾ 89	50	96⅜	96⅞	0	+0⅛	5.18
Sandvik 4 90	85	96⅛	96⅝	−0⅛	+0⅛	4.40
Spain 4 91	100	93⅞	94⅜	−0⅛	0	4.67
Stewoan 4¾ 91	60	†102½	102¾	−0⅛	+0⅛	4.48
Voest-Alpine 4¾ 89	90	103⅜	103⅞	0	+1⅛	4.30
World Bank 4⅝ 89	100	103¼	103¾	+0⅛	+0⅛	4.19

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	15	86⅞	87⅜	+0⅛	0	7.85
Australia 5.6 83	30	94¾	95¼	+0⅛	−0⅛	7.01
Australia 6⅞ 88	20	90¾	91¼	0	−0⅛	8.01
Finland 5.6 83	10	93¼	94¼	+0⅛	−0⅛	7.42
Finland 6.8 88	10	90⅞	91⅜	−0⅛	−0⅛	8.36

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	96¼	97¼	0	+0¼	9.86
Avco Fin. 10¼ 86 C$	25	†95¾	96⅜	0	0	11.32
Ex. Dev. Cpn. 10 84 C$	50	†98⅛	98⅝	0	−0⅛	10.39
Fst. Can. Inv. 10 84 C$	50	†97	97⅝	0	0	10.74
Hudson Bay 10¾ 89 C$	60	†99	99⅝	−0⅛	+0⅛	10.61
Quebec 10¼ 86 C$	50	†96⅝	97	+0⅛	−0⅛	10.94
R. Bk. Canada 10 86 C$	40	†98¼	99⅛	−0⅛	−0⅛	10.22
R. Bk. Canada 10 94 C$	40	†94¾	95¼	0	−0⅛	10.67
Copenhagen 8¾ 91 EUA	[illegible]	98¼	99¼	+0⅛	0	8.41
Komm. Inst. 7½ 93 EUA	15	93¾	94⅝	0	−0⅛	8.20
SDR France 8½ 94 EUA	24	98¼	99⅛	0	+0⅛	8.60
SOFTE 8¾ 89 EUA	40	95	96⅛	−0⅛	−0⅛	8.93
Algemene Bk. 6¾ 83 Fl	75	92¾	92⅞	0	+0⅛	8.88
CFE Mexico 7¾ 83 Fl	75	96¾	97	0	+0⅛	8.78
EIB 7¾ 86 Fl	75	93½	93⅞	+0⅛	+0⅛	8.65
Ned. Middbk. 8¼ 84 Fl	75	100⅜	101	−0⅛	+0⅛	8.06
New Zealand 6¾ 84 Fl	75	83⅜	84	−0⅛	+1⅛	8.39
Norway 8¼ 84 Fl	100	99¾	100⅜	+0⅛	+1⅛	8.19
Elf Aquitaine 9¾ 89 FFr	150	*91	92	+0⅛	0	11.28
Euratom 9¾ 87 FFr	150	†92⅛	93⅛	+0⅛	+0⅛	11.13
Norway 9¾ 84 FFr	200	93¾	94⅜	+0⅛	+0⅛	10.97
PSA Peugeot 9¾ 87 FFr	175	*91¼	92¼	+0⅛	+0⅛	11.42
Renault 9¾ 85 FFr	100	†91¾	92⅝	−1⅛	−1⅛	11.68
Saint-Gobain 9¾ 86 FFr	130	91¾	92⅜	+0⅛	+0⅛	11.44
Solvay et Cie 9¾ 87 FFr	125	91¼	92⅜	+0⅛	+0⅛	11.38
Total Oil 9¾ 87 FFr	150	*89½	90¼	+0⅛	0	11.38
Citicorp 10 93 £	20	90⅜	91⅞	−0⅛	−1	11.29
EIB 9¾ 88 £	25	90⅜	91⅛	+0⅛	+0⅛	11.44
EIB 11½ 91 £	25	95¾	96⅛	0	+1	12.20
Finance for Ind. 13 91 £	15	102⅝	103⅛	−0⅛	+0⅛	12.47
Fin. for Ind. 12¾ 89 £	30	100⅛	100⅝	+0⅛	+0⅛	12.42
Gen. Elec. Co. 12¼ 89 £	50	101⅛	101⅝	+0⅛	+1	12.18
Indonesia 8¾ 91 KD	7	†97⅛	98⅛	0	0	9.01
Mitsubishi 7¾ 84 KD	10	†97¾	98¼	0	0	8.03
Norges Kom. 7¾ 89 KD	12	†95¾	96⅜	−0⅛	−0⅛	8.00
Occidental 8¾ 91 KD	7	†95⅛	96⅛	−0⅛	−0⅛	8.78
Euratom 8 87 LuxFr	500	95⅜	96⅜	+0⅛	−0⅛	8.75
Norges Kom. 8 86 LuxFr	500	96⅜	97⅜	+0⅛	+0⅛	8.70
Oslo, City of 8 89 LuxFr	500	96⅜	97⅜	0	−0⅛	8.42
Solvay Fin. 8 85 LuxFr	500	96⅛	97⅛	0	+0⅛	8.68

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. 5½ 89	0¾	98⅜	99	11/1	11	11.14
BNDE 6 89	0¾	†97	97½	21/9	11¼	11.44
Banco di Roma Int. 6 87	0¾	98½	99	25/10	11.19	11.33
Bco. Nac. Argent. 7 86	0¾	†97½	97⅞	22/8	11⅜	11.78
Banco Prov. BA 7¾ 85	0¾	98⅛	98⅝	12/8	11	11.15
Banco Urquijo 6 86	0¾	97⅞	98⅜	21/9	11⅜	11.72
Bank of Tokyo 5½ 93	0¾	98⅞	99⅜	18/10	11⅜	11.94
Bq. Ext. d'Alg. 7½ 85	0¾	†95⅜	95⅞	2/11	11⅞	12.43
Bque. Indo Suez 5¾ 89	0¾	98⅞	99	11/1	11	11.14
Banque Sudameris 6 87	0¾	†97	97½	11/1	11⅜	11.46
BNP 5½ 91	0¾	98⅞	99⅜	22/2	11⅜	11.48
Citicorp O/S Fin. 6 94	‡0¼	99⅞	100⅜	8/9	10.89	10.70
Creditanstalt 5½ 91	‡0¼	98⅞	99	14/9	10⅞	11.01
GZB 5½ 89	‡0¼	98⅞	99⅜	1/11	11.44	11.57
Gotabanken 8 88	0¾	†98⅜	99⅛	15/8	11⅜	11.80
Ind. Bk. Japan 5¾ 85	0¾	99½	100	1/12	10.94	10.97
Jugobanka 8 89	0¾	95⅜	96⅛	23/11	11⅜	12.35
LTCB Japan 5¾ 85	0¾	†99⅞	100⅜	9/10	11⅜	11.61
LTCB Japan 5¾ 89	0¾	99	99⅜	7/12	11⅜	11.21
Mfrs. Han. O/S 5¾ 94	‡0¼	99⅜	99⅞	23/8	11.19	11.24
Nacional Fin. 6¾ 86	0¾	98⅜	98⅞	25/7	11½	11.69
Nat. West. 5¾ 94	0¾	98⅞	98⅞	11/10	11	11.15
Nippon Credit Bk. 5¾ 85	0¾	99⅜	99⅞	22/12	10.94	10.99
Nippon Credit Bk. 6¾ 88	0¾	98	98½	12/1	10⅞	11.07
Petro Mexicano 7 84	0¾	99¾	99¾	24/11	11.44	11.49
Privredna Banka 8 86	0¾	†95½	96⅛	20/12	11.58	12.05
Royal Bank Scot. 5¾ 94	‡0¼	98⅜	99¼	11/10	11	11.13
Sogenal 5¾ 89	0¾	97½	98⅛	11/1	10.94	11.13
Texas Int. Airways 7 86	‡0¾	96½	97	11/10	11.56	11.95
TVO Pwr. 9 91 (D-lock)	0¾	97⅜	98⅛	24/11	11⅜	11.35
Utd. Overseas Bk. 6 89	‡0¼	97⅜	98⅛	29/9	11.14	11.38
Bq. E. d'Alg. 4¾ 89 SF	0¾	97⅜	97⅞	18/12	4¼	4.36

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7¾ 89	10/79	174	95⅜	96⅛	+0⅛	−5.35
Ciba-Geigy O/S F. 4 94	9/79	675	95¼	96⅛	+0⅛	3.82
Credit Suisse 4¾ 93	10/79	1325	107⅜	108⅛	+0⅛	4.62
Esselte 7¾ 89	9/79	159	98¼	99⅛	+0⅛	−5.43
Honda Motor 5½ 89	5/79	532	102¼	103¼	−1	−2.00
LPC International 8 89	9/79	35	99¾	100¼	−0⅛	19.81
Nitto Elec. Ind. 6 94	7/79	735	97⅛	98⅛	+0⅛	−1.82
Union Bk. Switz. 5 89	2/80	1250	106⅛	107⅛	+0⅛	−32.38
Fujitsu 5 84 DM	7/79	475	103⅞	104⅜	+1⅛	14.41
Kansai Elec. 4 84 DM	4/79	1350	88⅜	89⅛	0	50.08
Marudai Food 3½ DM	2/79	1033	82⅜	83⅛	−0⅛	44.80
Nippon Ysn. 3½ 86 DM	1/79	251	109⅞	110⅛	0	−3.63
[illegible] 3½ 86 DM	2/79	477	86⅜	87⅛	+0⅛	21.67
Olymp. Opt. 3½ 86 DM	2/79	703	96	96⅜	−0⅛	−0.52
Sharp Cpn. 3½ 86 DM	2/79	487	91⅞	92⅜	+2⅛	9.94
Tokyo Elec. 3½ 87 DM	4/79	476	93⅛	94	−0⅛	48.57
Tokyu Ld. Cp. 4 86 DM	4/78	493	93⅛	94⅛	+0⅛	28.74

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

Director may block Hutchison HK$1bn bid

y Our Financial Staff

TCHISON Whampoa, the ersified transport, industrial property group, is making a $ 1.05bn (U.S.$ 203.3m) offer the outstanding shares in na Provident Co.

Under the offer, Hutchison pay HK$ 35.42 cash S.$ 685) for the remaining per cent (29.4m shares) of na Provident's capital. As minority shareholders will entitled to a terminal divi- d of 28c bringing the total sideration to HK$ 35.70 a re. The terminal dividend is ditional upon the scheme of ngement becoming effective. ding in China Provident's es was suspended on Mon- pending the announcement. en trading closed last Friday company's stock was quoted HK$ 35.

a joint statement, directors he two companies, said that majority of China Provi- t's Board and its financial ser, Schroders Chartered, nd to recommend the pro- l to shareholders.

owever one director, Mr. 7. A. Croucher, does not wish ake a recommendation and said that interests associated him hold sufficient shares lock the scheme of arrange- t and may vote against it. Nevertheless, China Provi- minority shareholders will iven the opportunity of vot- on the proposals at a special ting to be called in the near re," directors said.

utchison reported a 28 per jump in net profits to 230.9m for 1978 earlier this and, at the time, directors ibuted the success to the p's expanding interests in erty development.

hina Provident's principal ations comprise wharf faci- s, container handling and erage services. As well it valuable property interests ding substantial com- ial development revenues.

Reorganisation boosts profits for Abercom

Jim Jones in Johannesburg

DIVERSIFIED South ican engineering group rcom has reported an 84 per jump in pre-tax profit from m to R8.53m ($10.15m) for year to June 30, 1979, on a er cent turnover rise to .8m.

ter last year's downturn profits were hit by a lack ailable work, tight margins, higher operating costs, all ons of Abercom's business shown a sound improve- . The previously troubled g manufacturing division is sing last year's loss- ng record, with further expected during the cur- year. At the same time, nd for industrial fans con- s to grow and the reorgani- of the design engineering teel fabrication operations roving successful. Order ogs are now greater than were a year ago, while bur- ng capital spending by try and the state corpora- has led to an increased ibility of work.

Peter Herbert, the man- director, said that if stic and foreign economic olitical factors do not turn st the company, the outlook e current year is encourag- and points to further ved results. In April, om increased its issued l to 19.3m shares through or-100 rights issue. But e this, the group has ed earnings per share of ts on the increased capital ared with 26 cents, and nds totalling 20 cents have declared compared with ear's 17 cents. In Johan- rg the shares are cur- trading at 265 cents.

Philips sees slower sales growth

BY CHARLES BATCHELOR IN AMSTERDAM

PHILIPS, the Dutch electrical group, has revised downwards its forecast for the growth of volume sales this year to between 6 and 7 per cent from 8 per cent after a disappointing 1979 second quarter.

The losses due to the under-use of capacity are expected to reduce somewhat the small improvement in profitability the company forecast for the year in April. Philips is feeling the general world economic downturn, according to the Board. The company has, however, been able to maintain, or even slightly increase, its share of markets at a relatively modest cost to margins.

Trading profit fell by 5 per cent in the quarter to Fl 518m ($258m) although for the full six months profit was 6 per cent higher at Fl 1.02bn. At the net level, profit was 11 per cent down at Fl 161m in the quarter but 4 per cent higher at Fl 323m in the half-year. Trading profit amounted to 6.4 per cent of sales in the quarter, down from 6.8 per cent in 1978; in the first half the margin rose from 6.3 to 6.5 per cent.

Net profit per share fell to Fl 0.87 in the quarter from Fl 0.98, while in the first half profit per share rose to Fl 1.74 from Fl 1.67.

Turnover in the second quarter was Fl 8.04bn ($4bn), barely changed on the Fl 8.01bn on the same 1978 quarter. In the first half sales were 2 per cent higher at Fl 15.59bn.

Volume sales were 4 per cent higher in the first half, only half the level of growth initially forecast for the year as a whole. The group expects volume sales to recover in the next two quarters to give a growth rate of between 6 and 7 per cent for the year.

The market for television receivers was smaller than anticipated in the second quarter, particularly when compared with the same 1978 period when sales were boosted by world cup football matches. This was the major reason for the decline in sales in the home electronics for sound and vision and the industrial supplies divisions.

Sales growth in the lighting and batteries, domestic appliances and personal care products, and professional products and systems divisions was greater than the average sales increase of the concern as a whole.

Sales rose most strongly in Asia in the first six months of the year, while in Europe turnover was 2 per cent higher. Sales in North and Latin America were severely affected by lower exchange rates although the growth of Guilder sales in the U.S. and Canada was still greater than the concern average.

North American Philips plans to acquire a "substantial minority" stake in Pertec Computer Corporation. A Los Angeles-based manufacturer of mini computers and peripherals. Philips will take up a 20 per cent share issue and also acquire existing shares.

● Algemene Bank Nederland yesterday announced that the acquisition of Lasalle National Bank of Chicago had been completed. ABN paid $82m—$118.20 a share—in cash.

BMW lifts turnover in first six months

By Our Financial Staff

A SHARP rise in worldwide sales for the first six months of this year is reported by West German carmaker, BMW. In a letter to shareholders, the company also forecasts satisfactory earnings for 1979 as a whole.

In June of this year, BMW reported a rise of almost a quarter in parent company sales for the first five months of this year following solid gains in turnover and earnings in 1978. Last year, the company's annual earnings emerged at DM 150.6m ($82.3m), a rise of just over a fifth.

Reporting on the first six months of 1979, BMW said that new orders reached the year-ago level only in the last few weeks of the half year. For most of the six months, new orders were below what BMW called extremely high order inflow recorded in the first half of 1978.

Car sales in the six months totalled 181,929 units, up 10.6 per cent from the year earlier figure. Domestic sales at 89,525 units were up 13.9 per cent, while exports at 92,404 units climbed 7.5 per cent.

Worldwide turnover totalled DM 3.9bn, up 18.2 per cent from the DM 3.3bn of 1978. Turnover of the parent company was DM 3.5bn, up 17.5 per cent. Production in the first half totalled 181,334 units, up 10.6 per cent from 163,581 cars a year ago.

Chrysler Australia back to a surplus

BY JAMES FORTH IN SYDNEY

CHRYSLER Australia, in contrast to its ailing U.S. parent, staged a dramatic $A15m turnaround from losses to profits in the June half year. The group reported a trading profit for the six monhs of A$1.16m contrasting with a A$14m loss for the first half of 1978.

This is the first profit by Chrysler since the modest A$73,000 of the first half of 1975. Since hen the company has run up losses totalling A$52m, including A$27.8m in 1977 and A$20.6m in 1978.

The recovery is largely due to the success of the Mitsubishi-designed Sigma range of vehicles. In May Mitsubishi Motor and Mitsubishi Corporation injected A$27m to each obtain a one-sixth equity share in Chrysler Australia and took an option to buy a majority interest within 15 months. Mitsubishi is expected to exercise the option.

The latest result was achieved on a 24 per cent rise in sales, from A$136m to A$169m.

In addition to its trading profit, Chrysler earned another A$2m profits, accounted for by adjustments to prior period estimates of product rationalisation and other costs. This mainly related to funds put away in earlier years to cover the costs of rationalisation, including the phasing out of the Charger panel van and utility models.

Chrysler recorded a net increase in vehicle sales of 8.7 per cent for the June half, compared with an industry increase of only one per cent. The Sigma consolidated its position as Australia's top-selling four cylinder vehicle and is now the nation's third biggest seller of any model. The company's penetration of the passenger vehicle market increased from 9.87 per cent to 10.7 per cent in the six months.

Smorgon changes tactics

BY OUR SYDNEY CORRESPONDENT

THE SMORGON group has switched its tactics to gain control of the computerised betting systems operator, ATL. Smorgon entered the sharemarket yesterday bidding A$1.25 a share—well above the current market price of A$1.10.

Smorgon appears to have decided against making a formal offer and will instead seek to obtain control through market purchases. It currently holds almost 25 per cent of ATL's capital.

In July Smorgon abandoned proposals for an offer of A$1.45 a share after ATL announced plans to sell its U.S. operation, Autotote, and disclosed an unexpected loss for the year of A$8.5m (US$9.6m). At a subsequent meeting last month ATL shareholders approved the Autotote sale after a last-minute intervention by Smorgon obtained an additional US$1m of convertible stock, lifting the purchase price to US$17m.

Sandvik upgrades earnings projection

BY VICTOR KAYFETZ IN STOCKHOLM

SANDVIK, the Swedish cemented carbide and steel group, predicts that despite continued depressed prices in some product areas, increased production volume will result in a 23-28 per cent rise in pre-tax profit to SKr 575-600m ($137-143m) for 1979 against SKr 468m last year.

In May, the company forecast earnings of SKr 550-575m for this year. Consolidated pre-tax profit during January-June, 1979, was SKr 320m ($76m), up more than 1 9per cent. Invoiced sales rose nearly 22 per cent to SKr 3.07bn ($731m).

Sandvik believes group sales will rise by 22 per cent to SKr 6.6bn ($1.57bn) in 1979, but the figure includes SKr 100m from companies acquired during the year. In May, the company predicted a turnover of SKr 6.3bn.

Order inflow during the first half stood at SKr 3.35bn, or 22 per cent above the corresponding figure for January-June, 1978. Cemented carbide products continued to account for slightly over half of turnover but showed a sales increase of only 18 per cent while steel products—representing about 30 per cent of turnover—experienced a 30 per cent jump from the first half of 1978.

Europe continued to account for more than 60 per cent of group sales but Africa, Asia and Australia togehter bought more than 15 per cent of Sandvik products in the first half, against 14 per cent a year earlier. Sales on the Swedish market shot up 43 per cent to SKr 273m while sales to the common market grew by only 16 per cent to SKr 1.24bn.

Investments in plant and shares during 1979 will total SKr 400m against SKr 360m last year, Sandvik predicts.

Besides new cemented carbide and steel production equipment in Sweden, the group is investing in research and development units for cemented carbide products in Britain and India, while expanding carbide tool making capacity in the US, Britain, Italy and Japan.

Company acquisitions during the first half of 1979 included Tobler SA of France and Schmid-Kosta KG of West Germany—both in the cemented carbide field—and the U.S. Companies Guild Carbide Products Inc., Design and Process Engineering Inc.

French authorities have not yet approved Sandvik's purhcase of a majority stake in Eurotungstene, a subsidiary of Pechiney Ugine Kuhlman.

Mid-East group buys Hong Kong bank

BY JOHN EVANS

THE Hong Kong Metropolitan Bank's two major shareholders have agreed to sell their stakes to a Middle East consortium in which the Bank of Credit and Commerce International (BCCI) is a partner.

The 61.72 per cent interest, formerly owned by Stelux Investments, a subsidiary of the Stelux Manufacturing Company, has been sold to three separate interests comprising BCCI Holdings Luxembourg, Banque de Commerce et de Placement Geneva, and a group of Middle East investors.

While the identity of the Middle East investors is not known, the group is believed to reflect those various interests in the Gulf region which have been traditionally linked with the BCCI group.

At the same time, The Swiss Bank Corporation is selling its 30 per cent interests to BCCI Holdings. The price at which the two parcels are being acquired has not been disclosed.

After the sales have been completed, the Middle East investment group will have 41.17 per cent of the capital. BCCI will have 35.15 per cent, Banque de Commerce 15.44 per cent and the remainder will be retained by minority shareholders.

Hong Kong Metropolitan Bank has six branches in the colony and has a net worth of HK$69m ($U.S.$13.3m). The balance sheet totals HK$300m. The BCCI group already has an interest in Hong Kong through BCCI Finance, a general financing subsidiary.

Setback for Toyota SA

BY OUR JOHANNESBURG CORRESPONDENT

TOYOTA SA, the South African franchise holder for the import and manufacture of Toyota, Hino and Renault, has been hard hit by the declining local market for new vehicles fell by 4.2 per cent on the corresponding period of last year and though Toyota improved its market penetration from 12.5 to 12.8 per cent, group net consolidated income before adjustments tumbled from R2.05m to R125,000 ($149,000).

Part of the blame for this is placed by Dr. Albert Wessels, the chairman, on adverse shifts in exchange rates: higher landed prices for imported products could not be passed on in higher selling prices.

However, second-half profits are expected to reflect the beneficial effects of exchange rates now moving in the opposite direction. In addition, Dr. Wessels feels that his company is well placed to benefit from the trend towards smaller, more economical vehicles.

With first half earnings per share of only 5.7 cents against 32.9 cents, the interim dividend has been passed. Last year, on full year earnings per share of 75.3 cents, dividends totalling 20 cents were paid.

Toyota SA is completely South African owned and the share is currently trading at 140 cents in Johannesburg.

Gold helps Hong Kong broker

BY PHILIP BOWRING IN HONG KONG

SUN HUNG KAI SECURITIES, a leading Hong Kong broking and financial group, in which Paribas has a 17 per cent stake, reported a 50 per cent increase after-tax in attributable profit to HK$37.1m (U.S.$7.16m) for the six months ending June 30.

Mr. Fung King Hey, the chairman, cited commission income and arbitrage in the active gold market as a major factor in the improvement.

Profits of the company's finance company subsidiary, Sun Hung Kai Finance, rose by 49 per cent during the period to HK$17.1m. Last November, the finance company was the subject of a run on deposits which was only stopped after Government intervention and the announcement of standby credit lines from banking groups.

Since the beginning of this year the deposit base has recovered. Total assets rose by 44 per cent over the six months.

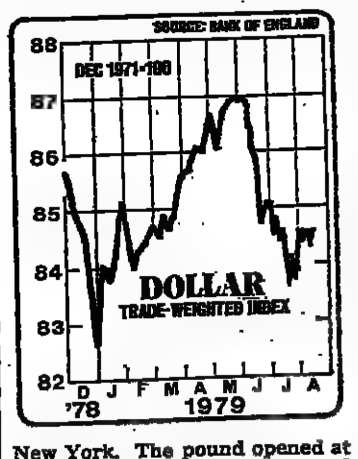
Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar improves

THE DOLLAR continued to improve against other major currencies yesterday ahead of the U.S. Federal Reserve open market committee meeting which was expected to result in higher U.S. interest rates. At the same time the U.S. currency may have been pushed up by central banks in the quiet trading ahead of the Assumption Day holiday today, which led to the early closure of several European centres.

Sterling lost ground in early trading but recovered in the afternoon on good demand from



New York. The pound opened at \$2.2270-2.2280 and ranged between \$2.22 and \$2.23 for most of the day, touching a low point of \$2.2190-2.2200. Late demand pushed sterling to a best level of \$2.2350-2.2360, and it closed at \$2.2315-2.2325, a fall of 40 points on the day.

The pound's trade-weighted index, as calculated by the Bank of England, was unchanged at 71.2, after falling to 71.0 at noon and in early trading.

The dollar's index, on Bank of England figures, rose to 84.6 from 84.5. In terms of the D-mark it rose to DM 1.8320 from DM 1.8270 after touching a best level of DM 1.8370. The dollar also rose against the Swiss franc, finishing at SwFr 1.6560, compared with SwFr 1.6520 on Monday, but ended well below its highest point of SwFr 1.6625.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM1.8334 against the D-mark, compared with DM1.8216 previously, and there was little evidence of any significant intervention before the fixing. The U.S. currency was helped by expectations of higher interest rates ahead of the first Federal Reserve open market committee meeting to be presided over by Mr. Paul Volcker, the new Fed chairman. The dollar continued to improve after the fixing, touching DM1.8360 around lunch time in hectic trading.

MILAN — Expectations of higher U.S. interest rates pushed the dollar up to L819.70 against the lira at the fixing, from L816.45 previously. Sterling and EMS currencies lost ground against the lira, with the pound falling to L1,821 from L1,838.70. The D-mark declined to L447.69 from L448.25. The Bank of Italy did not intervene in official trading.

ZURICH—Trading was hectic in the morning, with the dollar firm, in anticipation of higher U.S. interest rates as a result of the meeting of the U.S. Federal Reserve open market committee later in the day. The dollar rose to SwFr 1.6565 in terms of the Swiss franc, compared with an opening level of SwFr 1.6560, and a previous close of SwFr 1.6520.

TOKYO—Speculation that the U.S. Federal Reserve may tighten credit by raising interest rates added to the dollar's strength in quiet trading yesterday. The U.S. currency rose to Y216.85 against the yen at the close, from Y216.15 on Monday.

THE POUND SPOT AND FORWARD

Aug. 14	Day's spread	Close	One month	% p.a.	Three months
U.S.	2.2190-2.2360	2.2315-2.2325	0.67-0.57c pm	3.33	1.55-1.45 pm
Canada	2.5885-2.6175	2.6160-2.6170	0.70-0.60c pm	2.98	1.70-1.60 pm
Nethlnd.	4.46½-4.50½	4.49-4.50	2¼-1⅝c pm	5.67	5⅞-4⅞ pm
Belgium	65.15-65.50	65.30-65.40	18-8c pm	2.39	45-35 pm
Denmark	11.72-11.80	11.78½-11.79½	¼ore pm-1¼o dis	−0.25	3¼-5¼ dis
Ireland	1.0820-1.0860	1.0828-1.0838	20-30p dis	−2.77	95-105 dis
W. Ger.	4.06½-4.10	4.08½-4.09½	3¼-2¼pf pm	8.07	8¼-7¼ pm
Portugal	109.10-110.00	109.55-109.85	50-110c dis	−8.75	120-220 dis
Spain	146.80-147.60	147.45-147.55	195-245c dis	−17.90	550-650 dis
Italy	1820-1829	1827-1828	2½-½lire pm	0.98	1¼-3¼ dis
Norway	11.16-11.23	11.21¼-11.22¼	3½-1½ore pm	2.67	9¼-7½ pm
France	9.48-9.52	9.50½-9.51½	2½-1½c pm	2.52	5¼-4¾ pm
Sweden	9.38-9.44	9.42½-9.43½	2½-½ore pm	1.91	4-2 pm
Japan	480-488	483½-484½	3.70-3.40y pm	8.80	9.90-9.60 pm
Austria	29.70-29.95	29.87-29.92	23-13gro pm	7.23	58-48 pm
Switz.	3.68-3.71	3.69½-3.70½	4¼-3¼c pm	13.79	12¼-11¼ pm

Belgian rate is for convertible francs. Financial franc 67.85-67.95c pm. Six-month forward dollar 2.92-2.82c pm. 12-month 4.95-4.85c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 14	Day's spread	Close	One month	% p.a.	Three months
UK†	2.2190-2.2360	2.2315-2.2325	0.67-0.57c pm	3.33	1.55-1.45 pm
Ireland†	2.0500-2.0550	2.0500-2.0550	1.40-1.20c pm	7.60	3.35-3.05 pm
Canada	1.1710-1.1715	1.1710-1.1713	0.04-0.06½c dis	−0.54	0.08-0.12 dis
Nethlnd.	2.0115-2.0140	2.0120-2.0140	0.53-0.43c pm	3.46	1.18-1.08 pm
Belgium	29.28-29.335	29.29-29.30	2.0-3.5c dis	−1.13	4-6 dis
Denmark	5.2820-5.2880	5.2845-5.2860	1.25-1.75ore dis	−3.41	5.05-5.55 dis
W. Ger.	1.8300-1.8340	1.8320-1.8330	0.80-0.70pf pm	4.91	2.35-2.25 pm
Portugal	49.07-49.23	49.07-49.17	25-40c dis	−7.94	80-120 dis
Spain	66.06-66.11	66.06-66.09	110-130c dis	−21.79	310-330 dis
Italy	818.60-819.90	818.75-819.25	1.10-1.60lire dis	−1.97	6.0-6.75 dis
Norway	5.0220-5.0290	5.0260-5.0270	0.25ore dis-0.25pm	—	0.75-0.25 pm
France	4.2580-4.2655	4.2600-4.2615	0.35-0.45c dis	−0.88	0.87-0.97 dis
Sweden	4.2235-4.2255	4.2245-4.2255	0.20-0.40ore dis	−0.44	1.20-1.40 dis
Japan	216.70-217.00	216.70-216.90	1.10-0.95y pm	5.55	3.0-2.85 pm
Austria	13.37-13.397	13.382-13.397	5.0-4.50gro pm	4.26	15.25-13.75 pm
Switz.	1.6565-1.6588	1.6565-1.6575	1.50-1.45c pm	10.68	4.15-4.10 pm

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 14	Bank of England Index	Morgan Guaranty changes %
Sterling	71.2	−34.1
U.S. dollar	84.6	−8.7
Canadian dollar	80.4	−17.4
Austrian schilling	146.1	+19.5
Belgian franc	114.3	+13.7
Danish kroner	118.5	+2.2
Deutsche mark	151.7	+42.2
Swiss franc	197.1	+81.2
Guilder	123.4	+18.4
French franc	98.9	−7.5
Lira	55.3	−46.7
Yen	131.9	+30.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Aug. 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.578885	0.61
U.S. $	10	1.30379	1.38
Canadian $	11½	1.52817	1.62
Austria Sch.	3¾	17.3600	18.4
Belgian F.	9	38.0511	40.5
Danish K.	9	6.83707	7.28
D Mark	5	2.37488	2.52
Guilder	[illegible]	2.61019	2.77
French Fr.	9½	Unavail.	[illegible]
Lira	10½	1064.54	113
Yen	5¼	281.619	300
Nrwgn. K.	7	6.51569	6.93
Spanish Pes.	8	86.1127	91.5
Swedish Kr.	7	5.48309	5.84
Swiss Fr.	1	2.14539	2.28

OTHER MARKETS

August 14	£	$		£ Note Rates
Argentina Peso	3082-3102	1380-1390	Austria	29-30
Australia Dollar	1.9760-1.9800	0.8850-0.8870	Belgium	67¼-68
Brazil Cruzeiro	59.60	26.40-26.85	Denmark	11.65-11
Finland Markka	8.56-8.58	3.8350-3.8440	France	9.40-9.
Greek Drachma	81.662-83.616	36.60-37.45	Germany	4.00-4.
Hong Kong Dollar	11.48¾-11.48½	5.1440-5.1460	Italy	1,800-1
Iran Rial	157.08-165.06	70-74	Japan	480-4
Kuwait Dinar (KD)	0.606-0.616	0.2757-0.2758	Netherlands	4.40-4.
Luxembourg Frc.	65.30-65.40	29.26-29.28	Norway	11.10-11
Malaysia Dollar	4.8500-4.8160	2.1570-2.1580	Portugal	105-11
New Zealand Dlr.	2.2020-2.2090	0.9865-0.9895	Spain	145-1
Saudi Arab. Riyal	7.41-7.51	3.3606-3.3610	Switzerland	3.65-3
Singapore Dollar	4.8040-4.8150	2.1550-2.1560	United States	2.23¼-
Sth. African Rand	1.8570-1.8670	0.8320-0.8365	Yugoslavia	43-4

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4394	+2.49	+1.23	±1.53
Danish Krone	7.08592	7.29034	+2.88	+1.62	±1.635
German D-Mark	2.51064	2.52983	+0.76	−0.50	±1.1325
French Franc	5.79831	5.88025	+1.41	+0.15	±1.35
Dutch Guilder	2.72077	2.77841	+2.12	+0.86	±1.5075
Irish Punt	0.662638	0.672515	+1.49	+0.23	±1.665
Italian Lira	1148.15	1130.15	−1.57	−1.57	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

August 14	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.232	4.090	484.0	9.510	3.698	4.495	1826.	2.617	65.35
U.S. Dollar	0.448	1.	1.832	216.8	4.261	1.657	2.014	818.2	1.172	29.29
Deutschemark	0.244	0.546	1.	118.3	2.325	0.904	1.099	446.5	0.640	15.98
Japanese Yen 1,000	2.066	4.612	8.450	1000.	19.65	7.639	9.287	3773.	5.406	135.1
French Franc 10	1.052	2.347	4.301	508.9	10.	3.888	4.727	1920.	2.751	68.72
Swiss Franc	0.270	0.604	1.106	130.9	2.572	1.	1.216	493.8	0.708	17.67
Dutch Guilder	0.222	0.497	0.910	107.7	2.116	0.823	1.	406.3	0.582	14.54
Italian Lira 1,000	0.547	1.221	2.238	264.8	5.204	2.023	2.460	1000.	1.432	35.76
Canadian Dollar	0.382	0.853	1.563	185.0	3.635	1.413	1.718	698.5	1.	24.98
Belgian Franc 100	1.530	3.415	6.259	740.6	14.55	5.658	6.878	2796.	4.004	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 11.20-11.30 per cent; three months 11.20-11.30 per cent; six months 11.25-11.35 per cent; one year —.

Aug. 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	n.a.	10⅞-11⅛	10⅛-11⅛	8⅜-8⅝	[illegible]	6⅜-6⅛	10¼-10½	11-13	—	[illegible]
7 days' notice	n.a.	10⅞-11⅛	10⅛-11⅛	8⅜-8⅝	[illegible]	6⅜-6⅛	10⅝-11⅛	11½-12½	10⅞-11	[illegible]
Month	14¼-14½	11-11¼	11⅜-11⅝	[illegible]	[illegible]	6½-6⅝	11⅛-11⅜	12½-13½	11⅛-11¼	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13¼-14¼	11⅛-11¼	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14-15	11⅛-11½	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14¼-15¼	10⅞-11	[illegible]

Long-term Eurodollar: two years 10½-10⅝ per cent; three years 10½-10⅝ per cent; four years 10⁹⁄₁₆-10¹¹⁄₁₆ per cent; five years 10⁹⁄₁₆-10¹¹⁄₁₆ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

U.S. rates firm

Federal funds, the uncommitted funds lent between U.S. banks, were firm in early New York trading ahead of yesterday's Federal Reserve open market committee meeting. This was the first committee meeting headed by the new Fed chairman, Mr. Paul Volcker, and it was expected that there would be a tightening of credit by higher interest rates. This may not become clear until tomorrow however, since the result of the meeting was too late to influence yesterday's trading, while today's dealings will be distorted by weekly make-up day for the U.S. banks.

PARIS — Money market rates were unchanged, with call money at 10¼ per cent; one-month 10¼-10⅜ per cent; three-month 10⅝-10¾ per cent; six-month 10⅞-10¹⁵⁄₁₆ per cent; and 12-month 10¹³⁄₁₆-10¹⁵⁄₁₆ per cent.

FRANKFURT — Call money firmed to 6.40-6.60 per cent from 6.30-6.40 per cent, and one-month to 6.50-6.60 per cent from 6.45-6.55 per cent. Three-month funds were unchanged at 6.90-7.00 per cent, while longer term rates eased. Six-month fell to 7.25-7.35 per cent from 7.30-7.40 per cent, and 12-month to 7.35-7.45 per cent from 7.40-7.60 per cent.

MILAN — Short term interest rates were unchanged, with one-month at 11¼-11⅜ per cent; two-month 11⅜-11½ per cent; and three-month 11½-11⅝ per cent.

AMSTERDAM — Call money eased to 8¼-8⅝ per cent from 8½-8¾ per cent; and one-month to 9-9¼ per cent from 9¼-9⅜ per cent. Three-month was quoted at 9¼-9⅜ per cent, compared with 9½-9⅝ per cent; and six-month was unchanged at 9½-9⅝ per cent.

BRUSSELS — Deposit rates for the Belgian franc showed little change, with one-month at 11¹⁵⁄₁₆-12¹⁄₁₆ per cent, compared with 11⅞-12⅛ per cent; and three-month at 11¹⁵⁄₁₆-12¹⁄₁₆ per cent, compared with 11⅞-12⅛ per cent. Six-month was 11⁷⁄₁₆-11⁹⁄₁₆ per cent, compared with 11⅜-11⅝ per cent, and 12-month was unchanged at 10⅝-10⅞ per cent.

HONG KONG — The money market was tight, with call money at 11½ per cent and overnight at 13 per cent.

GOLD

Late recovery

Gold fell sharply, but recovered most of its losses in very active trading yesterday. It opened at \$294¾-295, and fell to a low point of \$290¾-291½ as European markets continued previous selling pressure.

	Aug. 14	Aug. 13
Gold Bullion (fine ounce)		
Close	\$296¼-297 (£132.65-133)	\$297¼- (£133-
Opening	\$294¼-295 (£132.35-132.6)	\$302¼- (£134.3
Morning fixing	\$293.00 (£131.638)	\$304.1 (£134.5
Afternoon fixing	\$292.00 (£131.069)	\$298.7 (£133.
Gold Coins, domestically		
Krugerrand	\$306-308 (£136¼-137¼)	\$306¼ (£137-
New Sovereigns	\$76-78 (£34-35)	\$77¼- (£34¾-
Old Sovereigns	\$101¼-103¼ (£45¼-46¼)	\$102¼- (£45¾-
Gold Coins, internationally		
Krugerrand	\$306-308 (£136¼-137¼)	\$306¼ (£137-
New Sovereigns	\$76-78 (£34-35)	\$76¾- (£34¼-
Old Sovereigns	\$101¼-103¼ (£45¼-46¼)	\$102¼ (£45¾
\$20 Eagles	\$409-414	\$415-4
\$10 Eagles	\$231-236	\$237-2
\$5 Eagles	\$174-179	\$180-1

New York. Towards the close the metal gained ground sharply however, to close at \$296¼-297, a fall of \$1 on the day.

In Paris the 12½ kilo gold bar was fixed at FFr 42,400 per kilo (\$309.39 per ounce) in the afternoon, compared with FFr [illegible] (\$319.57) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 17,260 per kilo (\$293.15 per ounce) compared with DM 17,730 (\$[illegible]) previously.

MONEY RATES

NEW YORK	
Prime Rate	11
Fed Funds	10
Treasury Bills (13-week)	9.5
Treasury Bills (26-week)	9.4
GERMANY	
Discount Rate	5
Overnight Rate	6.
One month	6.
Three months	6.
Six months	7.
FRANCE	
Discount Rate	[illegible]
Overnight Rate	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
JAPAN	
Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount (three-month)	[illegible]

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in short supply once again in the London money market yesterday, but on a much smaller scale than previously.

The market was faced with repayment of the very large amount lent by the authorities on Monday, but this was partly offset by an excess of Government disbursements over revenue payments to the Exchequer.

The authorities gave assistance by buying a small number of Treasury bills from the discount houses, and by lending a small amount overnight, at Bank of England Minimum Lending Rate, to three or four houses. The total amount of help was described as small.

Discount houses paid 13½-13¾ per cent for secured call loans in the morning, with closing balances taken at 13¾-14 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Aug. 14 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	13⅞-16	—	—	—	14½	13½-14	—	—	—
2 days notice	—	—	14½-14⅝	—	—	—	—	—	—	—
7 days or 7 days notice	—	14-14¼	14½-14⅝	—	14⅝	14½	13½	—	—	—
One month	14¼-14⅛	14⅛-14¼	14¼-14⅜	15-14⅝	14⅝	14⅝	13¾	13⅞-13¼	14⅛	14⅝
Two months	14¼-14⅛	[illegible]	—	14½-14¼	14⅝	—	13⅞	[illegible]	14⅜	14¾
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	[illegible]	—
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	13	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four-month trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills 13[illegible] per cent; two-month 13[illegible] per cent; three-month 13[illegible] per cent. Approximate selling rate for one-month bank bills 14[illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent; one-month trade bills [illegible] per cent; two-month [illegible] per cent; three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) 14 per cent from August 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.2760 per cent.

هكذا من الأصل

NOTICE OF REDEMPTION TO HOLDERS OF LANCASHIRE COUNTY COUNCIL $30,000,000 9½% BONDS 1978/81

NOTICE IS HEREBY GIVEN that pursuant to condition 5 of the terms and conditions applicable to the bonds that $750,000 principal amount and bearing the following serial numbers have been drawn for redemption on 15th September, 1979 at the redemption price of 100% of the principal amount thereof. The redemption payment of each Bond drawn for redemption will become due and payable on 15th September 1979. Interest on each such Bond will cease to accrue on or after such date:-

[illegible]

The above numbered Bonds will be redeemed at the office of the Depositary and the Principal Paying Agent, Chemical Bank, 180 Strand, London WC2R 1ET or at any of the following sub-depositaries Chemical Bank, Brussels, Frankfurt, New York, Paris and Zurich; Kredietbank S.A. Luxembourg.

Each bond redeemed will be with coupon 7 and S.C.A.

Dated 15th August, 1979.

National Westminster Bank Limited,
Registrars Dept,
Bristol.

Easier early Wall St. tone on profit-taking

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—30¼% (31¼%)
Effective $2.2320 12% (12¼%)

PROFIT-TAKING on Wall Street yesterday morning cut into the market's recent gains and left stocks with an easier tendency at mid-day, although early turnover was again substantial.

The Dow Jones Industrial Average, up 17 points over the past two business days, reacted 3.67 to $71.59 at noon. The NYSE All Common Index receded 13 cents to $61.00, while declining issues held a seven-to-six ratio lead over rises. Share volume came to 2.67m, compared with the previous day's noon total at 24.30m.

Closing prices and market reports were not available for this edition.

Analysts said the market could not sustain the sharp advance of the past week without a breather. Additionally, some investors may have been a little nervous over expectations of credit tightening by the Federal Reserve.

However, they added that tighter credit should aid in the fight against inflation and bolster the dollar as well.

The Commerce Department *reported that U.S. June business* inventories rose 1.3 per cent after a 1.1 per cent May rise. Analysts cited the news as further evidence of economic slowing, which is hoped will lead to a lower inflation rate.

Volume leader **Great Atlantic and Pacific Tea** shed ⅛ to $9⅞. A block of 525,000 shares were moved at $9¾. **IBM** slipped ½ to $70, **Sears Rosebuck** ¼ to $20, **General Motors** ¼ to $58⅝, **Du Pont** ¼ to $43¾ and **Eastman Kodak** ⅜ to $56¼.

J. C. Penney were unchanged at $31⅜ when trading was halted. *The major retailer later stated* that fiscal second-quarter profits were less tha nhalf those of a year-ago.

MGIC Investment fell 4¼ to $31⅞. The company has ended merger talks with a major U.S. financial services concern that it did not identify.

Superior Oil advanced $16 to $458 after announcing on Monday plans for a five-for-one stock split and an increased dividend.

Reliance Electric gained $3 to $63. *A Reliance officer told a* Federal Court that he did not believe Exxon could be successful in starting its own electric motor company. The Government is opposing Exxon's planned take-over of Reliance.

THE AMERICAN SE Market Value Index slipped back 0.17 to 203.37 at mid-day on volume of 2.11m shares (2.28m).

Volume leader **P and F Industries** added ¼ at $3¼. It is taking a stake in a Las Vegas casino. Also active **Gates-Learjet** put on ¼ to $24⅜ after bullish Press comment.

Loews **Theatres Warrants** retreated 2¼ to $30, moving down with a fall in the Common stock on the New York Exchange. **Syntex** eased ⅛ to $41 and **Amdahl** ⅜ to $24⅜.

Canada

Due to computer problems, mid-session stock market data from both the Toronto and Montreal exchanges was unavailable yesterday.

Tokyo

The market was subjected to further profit-taking yesterday, but there was again sufficient fresh selective buying to leave gains holding a modest lead over *declines at the close.*

The Nikkei-Dow Jones Average finished a marginal 0.59 firmer at 6,395.22, while the Tokyo SE index was a more presentable 1.39 higher at 451.14. Trading volume was a moderate 250m *shares, but well exceeded* Monday's low level of 190m.

Resources-related issues closed on a mixed note after late profit-taking eroded early gains, while Pharmaceuticals, after a similar trading pattern, were lower for choice on balance.

Nippon Oil gained Y20 to Y1,600, but **Toa Nenryo** lost Y10 to Y104.

Heavy Machinery concerns and Communication Equipment issues gained ground, helped by buying orders apparently from non-resident investors.

Among export orientated *stocks,* **TDK Electronic** added Y30 at Y1,840, **Canon** Y11 at Y556 and **Fuji Photo** Y7 to Y655, but **Honday Motors** receded Y8 to Y593 and **Pioneer Electronic** Y20 to Y1,920.

Germany

Shares were inclined to relinquish more of their recently gained ground in fairly light dealings, the Commerzbank index shedding another 2.2 to 754.6.

While some observers spoke of decreased foreign investor activity, one broker said foreigners came in on the buying side but only after prices had drifted down.

Banks suffered the worst setbacks, with *Dresdner Bank* declining DM 3.50, **Deutsche Bank** DM 3.10 and **Commerzbank** *DM 2.50.* Brokers said there was not any special news about the banking business to account for the fall, prices having simply been unable to hold the higher levels recently attained due to slack conditions yesterday.

Among Stores, **Horten** and **Karstadt** shed DM 2 apiece, while **Linde** reacted DM 2.50 in *Engineerings.*

AEG, however, picked up DM 1.10 more in Electricals, with some observers saying rumours of major banks helping the troubled company were behind the rise. A broker, however, called the rumours "baseless and unconfirmed."

On the Domestic Bond market, *prices fell under the influence* of a stable dollar, a tight domestic money market and the absence of foreign investors. Public Authority Loans eased up to 45 pfennigs and the Bundesbank mought a nominal DM 9.3m of paper in open-market operations after sales of DM 12.5m on Monday.

Mark-denominated Foreign Loans were lower, and the Chrysler 7 per cent shed another DM 4.

Amsterdam

Prices on the Amsterdam market closed mixed, with stocks in the International sector being pulled down by unexpectedly disappointing second-quarter earnings from **Philips**, which declined 70 cents to Fl 24.30.

Paris

Bourse prices were mainly narrowly mixed after a very quiet session ahead of today's market closure for the *Assumption Day holiday.*

Oil shares, however, after recent strength, were marked down across the board, with the largest losses recorded by the **French BP**, down 4 per cent, **Elf-Gabon**, also off 4 per cent, and **CFR**, 3 per cent easier.

There were some selective bright spots, elsewhere, including **Credit National**, **Credit du Nord**, **Alsacienne-Supermarches**, **Ruche-Picardie**, **Martel**, **Routiere-Colas**, **Kali**, **Presse-Clote**, **Machines Bull**, **Ste-Ericsson** and **Vallourec**, but **Michelin** and **Legrand** were among easier issues.

Australia

Dealers noted a certain amount of profit-taking yesterday after the market's recent buoyancy, although stock prices continued to show a bias to higher levels, especially on the Industrials boards, and the Sydney All Ordinaries index improved 2.10 more to a fresh seven-year peak of 615.02.

Elder Smith gained 10 cents to A$1.95 and market leader **BHP** hardened 2 cents to A$9.52.

A firm Coals group was outstanding for a rise of 20 cents to A$4.30 by **Thiess**.

Reflecting renewed Overseas interest in the Rundle oil shale twins, **Central Pacific Petroleum** moved ahead 40 cents to A$13.80.

However, the Uraniums sector had **Kathleen Investments** down 20 cents at A$4.60 after the recent advance on *take-over* rumours.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ *DM 50 denom.* unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise *stated.*
♣ DKr 100 denom. unless otherwise stated.
● SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Trade. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. Δ Interim since increased.

NEW YORK

CANADA

† Bid. ‡ Asked. ‖ Traded. ¶ New stock.

GERMANY ♦

TOKYO ¶

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ●

COPENHAGEN ♣

VIENNA

MILAN

Indices

AUSTRALIA

STOCKHOLM

OSLO

JOHANNESBURG

PARIS

SPAIN ♥

BRAZIL

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hill Samuel	§14 %
Allied Irish Bank Ltd.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Julian S. Hodge	15 %
American Express Bk.	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Industrial Bk. of Scot.	14½%
A P Bank Ltd.	14 %	Keyser Ullmann	14 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	15½%
Banco de Bilbao	14 %	Lloyds Bank	14 %
Bank of Credit & Cmce.	14 %	London Mercantile	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank of N.S.W.	14 %	Midland Bank	14 %
Banque Belge Ltd.	14 %	■ Samuel Montagu	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Morgan Grenfell	14 %
Barclays Bank	14 %	National Westminster	14 %
Bremar Holdings Ltd.	15 %	Norwich General Trust	14 %
Brit. Bank of Mid East	14 %	P. S. Refson & Co.	14 %
■ Brown Shipley	14 %	Rossminster	14 %
Canada Perm't Trust	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Cayzer Ltd.	14 %	Schlesinger Limited	14 %
Cedar Holdings	14 %	E. S. Schwab	15 %
■ Charterhouse Japhet	14 %	Security Trust Co. Ltd.	15 %
Choulartons	14 %	*Shenley Trust*	16 %
C. E. Coates	14 %	Standard Chartered	14 %
Consolidated Credits	14 %	Trade Dev. Bank	14 %
Co-operative Bank	*14 %	*Trustee Savings Bank*	14 %
Corinthian Secs.	14 %	Twentieth Century Bk.	15 %
Credit Lyonnais	14 %	United Bank of Kuwait	14 %
The Cyprus Popular Bk.	14 %	Whiteaway Laidlaw	14½%
Duncan Lawrie	14 %	Williams & Glyn's	14 %
Eagil Trust	14 %	Yorkshire Bank	14 %
English Transcont.	14 %		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 *and under 11½%, up to £25,000* 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

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COMMODITIES AND AGRICULTURE

Late rise in cocoa market

By Our Commodities Staff

COCOA PRICES rose sharply on the London futures market in late trading yesterday.

The December position rose to £1,468 a tonne before ending the day £48 higher at £1,463.5 a tonne.

Traders attributed much of the late support to buying in reaction to a possibly oversold market situation. They said physical trading was still quiet with producers unwilling to sell at current price levels.

In the Hague, the Dutch Central Statistics Office announced Holland's July cocoa bean grindings total was 6,385 tonnes, compared with 7,380 a year earlier. But London dealers said the figure had little impact on the market.

Guernsey curbs tomato sales to UK

Financial Times Reporter

GUERNSEY IS maintaining a ban on export of all but its three top grades of tomatoes to the UK because of heavy arrivals of home-grown fruit on the market.

The island's Tomato Marketing Board, which handles all exports, imposed a ban on shipments of the three lowest grades—smalls, domestics and blues—on August 3, following a sudden and unexpected build-up of home-grown supplies over the previous weekend. The next day the ban was extended to the whites.

A Board official said on Monday the prices being paid for top grade English fruit—80p to £1 per 12-lb tray, had undermined the market for Guernsey tomatoes.

The Board had hoped to resume shipping at least one of the banned grades this week but decided not to change policy until next Wednesday at the earliest. The island would normally have expected to ship about 320,000 6-kilo trays of tomatoes in the past week but cut this to 226,300 trays.

New farm show for the South

Financial Times Reporter

A NEW major agricultural show is to be launched in Aldershot in August next year.

Over the next five years the organisers plan to make the Mid-Southern Counties Show one of the biggest in Britain.

Strong rise in U.S. grains

BY OUR COMMODITIES STAFF

GRAIN PRICES rose sharply in morning trading on the Chicago Board of Trade yesterday.

Wheat gained more than 16 cents to 428.5 cents a bushel for September delivery, while September maize rose 4.25 cents to 277.25 cents a bushel. August delivery soyabeans were quoted 9 cents higer at 710 cents a bushel.

The rises were encouraged by anticipation of increased export demand and by coller weather in soyabean growing areas which some traders thought might lead to early frosts.

Latest crop forecasts have caused the U.S. Department of Agriculture to revise its stock projections. The Department now puts maize stocks on September 30, 1980, at 957m bushels, compared with the previous estimate of 736m bushels. This September 30, U.S. maize stocks are expected to total 1,237m bushels against a previous estimate of 1,312m.

Wheat stocks on May 31, 1980 are protected by the USDA at about 792m bushels, compared with a previous estimate of 860m bushels. Stocks as at this June 1 are estimated at 922m bushels, unchanged on the last projection.

In Washington meanwhile, Mr. Thomas Saylor, associate administrator of the USDA's Foreign Agricultural Service (FAS), said the U.S. was not expected to make an early offer to sell more maize to the Soviet Union for the fourth year of the grain supply agreement.

He said the USSR was aware the U.S. would be in a good position to supply additional amounts of maize for the fourth year of the pact, starting October 1, and that the U.S. would be able to make an increase on maize purchases similar to the increase put into effect for wheat.

The National Association of Corn Growers plans, however, to ask Agriculture Secretary Bob Bergland to increase the amount of maize the Soviet Union may buy, an Association spokesman said in Washington.

He said the growers would meet with Mr. Bergland in an attempt to get the USDA to raise the limit before October.

After talks in London in late July, the U.S. said the USSR could buy 8m to 10m tonnes of wheat and 5m tonnes of maize in the fourth year.

The USDA said the decision on raising the limit on Soviet maize purchases would be made in October.

The spokesman for the growers said the increase should be made before October, considering the expected record U.S. maize crop this year of 7.11bn bushels.

An early announcement on allowing the USSR to buy more U.S. maize would help prevent the Soviets from turning to other suppliers, he said.

New London sugar contract proposed

BY OUR COMMODITIES EDITOR

RADICAL CHANGES in the London raw sugar futures contract have been recommended by a special committee. If endorsed by the membership, and approved by lawyers, trading in the new contract could begin in November, with a first delivery month of March 1980.

Because of the imminent change, the December 1980 position has not been added to the positions traded on the existing contract.

The main reason for the change apparently is that Tate and Lyle has warned it might not be able to guarantee taking delivery of sugar tendered on the market as in the past because of its greatly reduced world export trade.

Under the existing contract, Tate and Lyle, as the sole cane refiner of any size in Europe, is the only available recipient of any raw sugar tenders.

To get round the problem, the new contract would allow sugar to be tendered on an fob (free on board) basis, with a special scale of freight, insurance and other charges added of delivery to London on according to cover the cost

Since the sugar has to be freely deliverable, origins would be confined to members of the International Sugar Agreement.

Cash copper shortage tightens

By Our Commodities Editor

Copper prices rose sharply on the London Metal Exchange yesterday following heavy demand for immediately available supplies. The cash wirebars price rose by £28.5 to £901.5 a tonne, moving to premium of £2.75 over the three months quotations.

The rise in London encouraged an upward trend in New York, where the market had opened on a hesitant note.

Although stocks in LME warehouses still total some 170,000 tonnes, it is believed a large proportion of these are strongly held either by merchants or long-term speculators and are not available to the market at present price levels.

This shortage of supplies has helped change market sentiment which was previously dominated by fears that demand for copper would be badly hit by the expected industrial recession in the U.S.

Now it is being argued that any decline in demand will be offset by the continued reductions in supply, notably from the African copperbelt, that have sharply reduced surplus stocks already in the past year.

Contrasting views on wool outlook

WELLINGTON — Mr. John Clarke, chairman of the New Zealand Wool Board, has forecast a strong start to the new wool season.

He told the annual meeting of the Board's electoral committee he was looking forward to strong and continuing growth in the Chinese market, and also expected an increase in business from Eastern Europe and a growth of popularity of carpets in Japan.

In Melbourne, however, International Wool Secretariat economists said they believed demand for wool at auction in the July/June 1979-80 season was unlikely to rise substantially

The IWS said reduced raw wool availability and continued upward pressure on synthetic fibre prices may be positive factors for the wool market. But the anticipated weakness of consumer spending on textiles and relatively high commercial raw wool stocks may negate these, it warned.

U.S. COMMODITY CONTROLS

Friction over disclosure

BY JOHN EDWARDS, COMMODITIES EDITOR

BRITAIN AND the U.S. have very different views on the regulation of commodity futures trading. In spite of common links, the markets on both sides of the Atlantic operate in sharply contrasting styles. Now a clash between the attitudes seems imminent.

Last week the UK Government officially confirmed, in a diplomatic note to the State Department, its support for the view that foreign traders on U.S. futures markets should not be subject to the same reporting procedures as local traders.

As part of its market regulation, the U.S. Commodity Futures Trading Corporation, the agency created to oversee the fast-expanding futures markets, requires all traders on the markets to provide very detailed information on their transactions and clients.

The idea is that by closely monitoring trading in this way it can avoid manipulation of the markets by individuals or organisations. The reporting requirement goes back to the original client placing the order to buy or sell, not just intermediaries putting up the money.

So far, however, the Commission has not applied the full reporting requirements to traders outside the U.S., partly because of uncertainty about how far its powers extend. Obviously this leaves a gap for any potential market manipulators, who instead of using U.S.-based companies, reporting their transactions fully, can switch instead to foreign traders able to keep their activities secret.

Aware of this descrepancy in its market regulation, the CFTC is now demanding that foreign traders must report their activities on the U.S. futures markets as fully as domestic companies.

The urgency to do so was triggered off by the belief that the New York coffee futures markets at one stage last year was being manipulated by the producing countries as a means of keeping world market prices at an artificially high level.

When the CFTC investigated the situation it was met by a refusal from certain foreign traders to reveal the identity of their clients. Most notable was Wiscope, whose parent company in Switzerland is a subsidiary of the London-based Guinness and Peat group.

Wiscope said it simply could not reveal its clients, since to do so would be breaking Swiss law, leaving the company directors liable to imprisonment. Wiscope won an appeal in the U.S. courts earlier this month, setting aside a ban on trading on U.S. markets imposed by the CFTC.

But the Commission is pressing ahead with its demand that foreign traders should fully report transactions or face the possibility of being stopped from operating there.

London commodity traders object vigorously to the idea. They claim the names of their clients must remain confidential or the traditional broker-client relationship would collapse.

They point out that the CFTC, in spite of assurances about the information being kept confidential, is far from reliable on this score. It is prepared, on occasions, as happened in its battle with the Bunker Hunt family over soyabean futures, to publish so-called privileged information.

Fundamentally, London traders object to being subject to controls imposed by an overseas agency, which has already shown a desire to extend its regulatory powers as far as possible. It is feared that giving in to the CFTC on this issue could lead to further restrictive measures and the possible distortion of the free market mechanism.

There is, for example, no reason why coffee producers should not protect vital export earnings by influencing markets in a manner officially used under commodity agreements or on the foreign exchange markets.

London, now backed by the UK Government, feels that if the CFTC does insist on foreign traders reporting their clients, it would drive more foreign business away from the U.S. futures markets and endanger international trade.

Without foreign participation, the U.S. markets would tend to be more dominated by purely domestic influences. They would also be smaller in volume and more easy to manipulate or squeeze. In other words, the result would be the very opposite of what the CFTC wants to achieve.

At the same time, although the London markets would receive more business, they too could be distorted by the lack of arbitrage with the U.S. markets.

It is also feared that any further increase in U.S. business might be difficult for the London markets to handle properly, since they are inclined to be trade-orientated and not geared to deal with the huge speculative funds that are a normal feature of the U.S. markets.

However, it seems doubtful whether these views will receive much sympathy from the CFTC.

The original motive behind the insistance on full disclosure was the grain purchase coup pulled off by the Soviet Union in 1973 when the Russians used secretive individual sellers to disguise the extent of their purchases until too late.

The investigation into the New York coffee market was sparked off by public anger at the high price of coffee. Wiscope's refusal to disclose its transactions only heightened suspicion that the market was being rigged.

The assumption is that the only reason companies want their trading activities to be kept secret is because they have something to hide and this highlights the difference in thinking in Europe, where confidentiality in trading is considered essential, and in the U.S., where the Carter Administration is an ardent advocate of full, frank, disclosure.

Hopes of a compromise are further dimmed by the reputation of the newly-appointed chairman of the CFTC, Dr. James M. Stone, who is believed to be concerned more with regulating the markets properly than with the prosperity of the futures industry.

Dr. Stone is only likely to seek a compromise if he can be persuaded that it would be harmful for the U.S. Government, and the public, to force disclosure on foreign traders.

The CFTC has the final weapon. It can simply say that no one forces foreign traders to deal on the U.S. markets and that it is simply putting into practice the wishes of Congress for greater regulation.

Persuading Congressmen that the self-discipline method used by the Bank of England is more effective and that confidentiality is a cornerstone of European trading will be no easy task.

It will be difficult to rebut the argument that, as U.S. traders stick by London market rules, the reverse should apply.

Indonesia expected to curb rubber exports

JAKARTA—Indonesia's Trade Ministry is expected to approve a proposal banning 15 to 20 per cent of all Indonesian rubber from export, Mr. Harry Tanugraha, executive director of the Indonesian Rubber Producers Association (GAPKINDO), said here yesterday.

He said GAPKINDO had urged the ban in an attempt to to raise the value of Indonesian rubber exports by freeing more low quality rubber for use in domestic industries which could later export processed rubber at increased value.

Indonesia currently exports 800,000 to 850,000 tonnes of all grades of rubber annually, so the ban could remove as much as 170,000 tonnes from the world market each year.

Mr. Tanugraha said GAPKINDO recommended a ban on exports of remilled grades two and three, blanket C, RSS four and cuttings E and B.

Grades still exported under the ban would include lates, RSS one, two and three, crepe one, two and three, brown crepe one x and two x and all types of SIR, he added.

After a meeting with GAPKINDO, Mr. Stedarsono Hadisaputro, Agriculture Minister, said the ban would create a more orderly and effective management system in domestic rubber supply while at the same time improving the quality of rubber exports.

Mr. Oestara Wiradinanta, GAPKINDO chairman, said Indonesian rubber producers had been engaged in an unhealthy rivalry because of lack of clear policies on exports, while supplies for the domestic market were often in short supply as well leading to deterioration of quality in Indonesian processed rubber products.

The uncertain situation on the domestic market had, in turn, weakened competitiveness of Indonesian rubber exports abroad, he said.
Reuter

GRIMSBY FISH — Supply: good. Demand: good. Prices at ship's side (unprocessed) per stone: Shell cod £4.80-£5.40, codlings £2.80-£3.40. Medium haddock £2.75-£4.00, small £1.65-£2.80. Large plaice £4.20-£4.70, medium £4.00-£4.80, best small £3.80-£4.60.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply higher on the London Metal Exchange with the market buoyed by a heavy demand for cash material which re-established a backwardation of around £2 to £3. After trading quietly on the pre-market forward metal moved up quickly in the morning rings following the tight nearby supply situation which also prompted fresh demand for three months metal. This buying continued in the afternoon as Comex also registered a strong rise. Forward metal touched the day's high of £902 prior to closing at £896 on the late kerb. Turnover 17,375 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	885-6	+6	901-2	+28.5
3 months	883-4	+6	898.5-9	+25.2
Settlem't	886	+6	—	......
Cathodes				
Cash	886-.5	+5.75	873-4	+31
3 months	873-4	+7	884-6	+28.5
Settlem't	868.5	+5.5	—	......
U.S. Smt.	—	......	*84-87½	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £882, 84, 85, 86, three months £879, 80, 80.5, 81, 81.5, 82, 83. Cathodes, cash £865, 58, 59, three months £868, 69, 70, 73. Kerb: Wirebars, three months £885, 86, 86.5, 85, 84.5, 84. Afternoon: Wirebars, three months £893, 94, 95, 96, 95, 95.5, 96, 903, 02, 01, 01.5, 01, 900.5, 900, 899, 98, 98, 98.5. Cathodes, cash £873. Kerb: Wirebars, three months £898, 98.5, 99, 98, 97, 96, 95.5, 96.

TIN—Gained ground. The initial fall in sterling saw forward metal marked up to £6,620 at which level it traded for most of the day. However, on the late kerb some good buying entered the market and pushed the price up to a close of £6,640. Turnover 570 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6590-600	+87.5	6600-20	+90
3 months	6620-40	+87.5	6630-40	+55
Settlem't	6600	+100	—	......
Standard				
Cash	6590-600	+87.5	6600-20	+89
3 months	6610-30	+87.5	6625-30	+55
Settlem't	6600	+100	—	......
Straits. E.	$1876	—4	—	......
NewYork	—	......		......

Morning: Standard, cash £6,600, three months £6,610, 20. Afternoon: Standard, three months £6,620, 30, 20, 25. Kerb: Standard, three months £6,640, 30.

LEAD—Higher in sympathy with copper and also reflecting the initial decline in sterling. Forward metal staged a gradual advance, opening at £536 and edging up to close the late kerb at £545. Turnover 5,725 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	552-3	—6.75	560-1.5	+5.75
3 months	537-8	—5.75	544-5	+10.5
S'ment	553	—8.5	—	......
U.S. Spot	—	......	*58-62	......

Morning: Cash £556, 53, 52.5, three months £537.5, 37, 36, 35.5, 36, 37, 38, 39, 40, 39, 39. Kerb: Three months £537, 38. Afternoon: Three months £541, 42, 43, 44, 42.5, 43, 45, 46, 45.5, 45, 44. Kerb: Three months £545, 43, 44, 45, 44.

ZINC—Firmer in fairly quiet trading with the market sustained by the strong performances of copper and lead. Forward metal traded around £311 in the morning but picked up to close the late kerb at £316.5. Turnover 2,900 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	300-1	—1	306.5-7.5	+6
3 months	311-2	—1	317-8	+6.75
S'ment	301	—1	—	......
Prim w'st	—	......	*39.5	......

Morning: Cash £300, three months £313, 14, 13, 11. Kerb: Three months £312. Afternoon: Three months £315, 16, 17.

ALUMINIUM—Moved ahead following the initial downturn in sterling and the rise in copper. Forward metal traded between £698 and £706 in the morning before advancing strongly in the afternoon, during which heavy volumes were traded, to close the late kerb at £706. Turnover 4,900 tonnes.

Alumn'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	716-7	+11	720-1	+11.5
3 months	705-.5	+10	708-10	+10.5

Morning: Cash £716, 17, three months £705, 6, 6, 5.5, 6. Afternoon: Cash £721, three months £708, 10, 9, 8, 7, 10, 9, 10. Kerb: Three months £708, 07, 08.

NICKEL—Quietly firm and mainly influenced by the strong rise in copper. Forward metal was untraded during the morning but gained ground in the afternoon to close the late kerb at £2,600. Turnover 848 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2540-50	+35	2550-70	+32.5
3 months	2625-30	+40	2640-50	+40

* Cents per pound. † On previous unofficial close. [illegible]

Morning: [illegible] Afternoon: [illegible] Kerb: [illegible]

SILVER

Silver was fixed [illegible] an ounce lower for spot delivery in the London bullion market yesterday, at 397.20p. U.S. cent equivalents of the fixing levels were: spot [illegible] [illegible]

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	397.20p	—6.15	[illegible]	[illegible]
3 months	408.50p	—5.55	[illegible]	[illegible]
6 months	419.40p	[illegible]	[illegible]	[illegible]
12 months	440.40p	[illegible]	[illegible]	[illegible]

LME—Turnover 148 (274) lots of 10,000 ozs. [illegible]

COCOA

Commission House short covering throughout the day caused cocoa futures to move limit up in late dealings to close at the highs of the day, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Sept.	1585-1586	+37.5	1589-66
Dec	1463-1464	+48	1468-30
March	1510-1513	+48.5	1515-1478
May	1530-1532	+42	1555-10
July	1551-1570	+45.5	1546-42
Sep	1570-1590	+37.5	—
Dec	1615-1628	+41.5	1612

Sales: 2,545 (1,582) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound). Daily price 7.5, 8. Kerb. Three months 408, 8.5. for Aug. 14. 15-day average 141.06 (141.71); 22-day average 142.96 (143.46).

COFFEE

London coffee futures continued the recent quiet but steady trend as dealer buying matched early Commission House selling in a tight trading range, reported Drexel Burnham Lambert. The afternoon was once again disappointing but mixed buying influenced some late activity and a £10-£15 movement towards the highs of the day. However, values eased back slightly in steady conditions on some light profit-taking to finish £3 to £30 up on the day.

COFFEE	Yesterdays Close £ per tonne	+ or —	Business Done
September	1712-15	+6.0	1720-08
November	1747-49	+15.5	1753-30
January	1741-44	+14.0	1749-28
March	1682-85	+6.5	1690-77
May	1675-80	+9.5	1682-67
July	1676-85	+18.0	—
Sept.	1676-86	+30.5	—

Sales: 3,363 (1,211) lots of 5 tonnes. ICS Indicator prices for August 13 (cents per pound). Other Mild Arabicas 193.33 (same). Robustas ICA 1976 177.25 (same). ICA 1968 177.50 (same) Colombian Mild Arabicas 209.0 (210.0). Unwashed Arabicas 190.0 (191.0). Comp. daily ICA 1968 189.56 (190.06).

GRAINS

The market opened 15 higher and although trading was around 20 points higher there was always too much hedge pressure and by the close values were between unchanged to 20 higher with some pressure noted on wheat, Acli reported.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Sept.	92.05	+0.05	87.30	—0.15
Nov	96.05	+0.05	91.40	+0.15
Jan	100.55	+0.05	95.70	+0.10
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Business done—Wheat: [illegible]

IMPORTED—Wheat: [illegible]

COTTON

LIVERPOOL—No spot or shipment sales were recorded, leaving the total for the week so far at 18 tonnes. [illegible]

RUBBER

The London physical market opened easier, attracted little interest throughout the day, closing on a dull note. Lewis and Peat reported a Malaysian godown price of 285 (286) cents a kilo (buyer, September).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Sept.	57.55-57.80	58.80-58.95	58.40
Oct.	58.40-58.80	59.80-60.05	—
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]

Sales: 318 (144) at 15 tonnes, 2 (9) at 5 tonnes.

Physical closing prices (buyers) were: Spot 57.00p (57.75p); Sept. 62.75p (63.25p); Oct. [illegible]

SOYABEAN MEAL

The London market opened around £1 higher, correcting the over-sold situation on Monday, reported T. G. Roddick. It showed signs of holding steady and this encouraged some fresh buying. Late in session stop-loss buying firmed prices and the market closed on highs.

	Yest'rd'y close	+ or —	Business Done
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]

Sales: 84 (96) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £100.00 (£99.00) a tonne cif for Aug.-Sept. shipment. White sugar daily price was [illegible]

The market [illegible] proved slowly [illegible] gains of £1.50 [illegible] reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yester-day's Close	Previous Close	Business Done
	£ per tonne		
Oct.	107.40	[illegible]	[illegible]
Dec.	112.35	[illegible]	[illegible]
March	118.40	[illegible]	[illegible]
May	122.75	[illegible]	[illegible]
Aug.	127.15	[illegible]	[illegible]
Oct.	131.50	[illegible]	[illegible]

Sales: 2,543 [illegible] lots of 5 tonnes. Tate and Lyle ex-refinery price for granulated basis white sugar was £297.55 [illegible]

International Sugar Agreement [illegible]

WHITE SUGAR—[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 14 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	....	£710/50
Free Mkt (cs)	$1565/1585	—20	$1,470/90
Copper			
Cash w'bar	£901.5	+28.5	£783
3 mths	£898.75	+25.25	£802.75
Cash Cathode	£873.5	+31	£761.5
3 mths	£885	+28.5	£783.5
Gold troy oz	$296.625	—1	$292.875
Lead cash	£560.75	+9.75	£526
3 mths	£544.5	+10.5	£504.5
Nickel	£2654	....	£3,225.4
Freemkt (cif) (lb)	245/270c	....	285/300c
Platin'mtr'y oz	£165.5	....	£166
Free mkt	£165.70	—0.75	£182.6
Quicksil'ver	$275/295	....	$300/330
Silver troy oz	397.20p	—6.15	404.95p
3 months	408.50p	—5.55	417.20p
Tin Cash	£6,610	+90	£7,225
3 mths	£6,627	+55	£6,785
Tungsten	$143.12	....	$140.17
Wolfrm 22.04 cif	$140/145	+3.5	$137/44
Zinc cash	£307	+6	£302.75
3 months	£317.5	+6.75	£314.5
Producers	$760	....	$845
Oils			
Coconut (Phil)	$1,040r	—10	$1,135
Groundnut	‡	....	
Linseed Crude	£395	....	£405
Palm Malayan	$642.0t	—5.5	$684
Seeds			
Copra Philip	$690y	....	$750
Soyabean (U.S.)	$305.5t	—5	$355.75
Grains			
Barley Futures	£91.40	+0.15	£91.70
Maize			
French No3AM	£108.75	....	£107
Wheat			
No. 1 Red Spg.	‡	....	£97.0
No2HardWint.	£95.50t	....	£98.75
Eng. Millingt	‡	....	‡
Other commodities			
Cocoa ship't	£1,493	+40	£1,549
Future Dec	£1,464	+48.5	£1,459
CoffeeFt'r Nov	£1,748	+15.5	£1,838.5
Cotton A.Index	76.90c	....	76.75c
Rubber (kilo)	57.0p	—0.75	59.0p
Sugar (Raw)	£100.0	+1	£102.0
Wooltp's 64s kl	266p	....	267p

* Nominal. † New crop. ‡ Unquoted. s Aug.-Sept. t Sept. w Sept.-Oct. x Oct. y Oct.-Nov. z Indicator. § Buyer.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on August 14. GB cattle 80.75p per kg. l.w. (+0.10); UK sheep 141.4p per kg. est.d.c.w. (—2.6); GB pigs 61.2p per kg. l.w. (+2.0). England and Wales—Cattle numbers up [illegible] average price [illegible] 78.9 per [illegible] (+0.74). Sheep numbers up [illegible] average [illegible] 61.1p [illegible] numbers up [illegible] 82.87p [illegible] 1.2 per [illegible] (9): Pig [illegible] average [illegible]

SMITHFIELD—Pence per pound. Beef: [illegible] 0: Eire [illegible] quarters [illegible] small [illegible] to 62.0, [illegible] frozen [illegible] to 49.0 [illegible] 95.0 to [illegible]-160 lb [illegible]

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—[illegible] Navels/ [illegible] 3.20; [illegible] Italian [illegible] trays 30/ [illegible] 100/113 [illegible] 2.70- [illegible] 27/72 [illegible] Golden [illegible] 72/84's [illegible] new [illegible] 4.60; [illegible] 0.09; [illegible] 5.50, [illegible] Red [illegible] 7.60, [illegible] Sturmer [illegible] 5.20; [illegible] Pears— [illegible] 0.12, Williams 0.14; French: Guyots 28 lb 2.60, Williams 3.00-3.20. Italian: Williams per pound 0.14-0.16. Plums—Italian: Per pound Burbanks 0.18 Belles 0.18. Giant Prunes 0.18. French: Gages 0.12; Hungarian: Switzons 6 kilos 2.20. Grapes—Cypriot Sultanas 0.20-0.22½, Thompsons 0.25, Alphonses 0.35, Rozakis 0.30; Italian: Cardinals 10 lb 2.00, Reginas 10 lb 2.00-2.30, 12 lb 2.60; Spanish: Alphonses per pound 0.26. Nectarines—Italian: C/B/A's 3.50-4.50; French: 28's 3.20-3.40. Bananas—Jamaican: Per 26 lb 3.20-3.40. Avocados—S. African: 3.00-3.60. Melons—Spanish: Yellow honeydew 10 kilos 5/14's 2.30-2.60. Onions—Spanish: 4.00-5.20. Dutch: 3.60. Tomatoes—Jersey: Per tray 1.00-1.20; Guernsey: 1.20-1.40. Cabbages—Dutch: White, net 5.00. Potatoes—Cypriot: 3.00. Capsicums—Dutch: 2.00. Peaches—Italian: 1½ trays C's 1.80-2.00, B's 2.10-2.40, A's 2.20-2.50, AA 2.40-2.50.

English Produce. Potatoes—New crop per bag 2.10-2.40. Lettuces—Per 12 round 0.80-1.20, Cos 1.20. Mushrooms—Per pound 0.30-0.60. Apples—Per pound Bramley 0.05-0.10. Grenadiers 0.05-0.06, George Cave 0.10-0.12, Discovery 0.12-0.14. Tomatoes—Per pound 1.00-1.20. Cucumbers—Trays 8/18's 0.60-1.00. Cauliflowers—12's Lincoln 1.80-2.40. Celery—Boxes 12/30's 1.00, large cartons 20/24's 2.20-2.30. Peas—Per pound 0.10-0.12. Broad beans—Per pound 0.05-0.08. Onions—Per bag 4.00. Carrots—Per bag 0.80-1.30. Beetroots—Per bag 1.20. Marrows—Per 18's 0.80. Capsicums—Per pound 0.30. Swedes/Turnips—Per 25/28 lb 1.00-1.30. Stick Beans—Per pound 0.25-0.30. Runner Beans—Per pound 0.15-0.17.

WOOL FUTURES

SYDNEY GREASY—[illegible]

LONDON GREASY—[illegible]

NEW ZEALAND CROSSBREDS—[illegible]

HIDES—Birmingham: [illegible]

AMERICAN MARKETS

NEW YORK, August 14.

THE GRAINS and soya markets had a limit or near limit rally on short-covering by Commission Houses because of a report of frost in Southern Canada and northern Corn Belt states. Precious metals followed with a strong advance of their own, reaching the limit in silver. Copper advanced the limit on reports of output disruptions. All tropical commodities (coffee, cocoa and sugar) rallied smartly on short-covering and trade buying. Cotton continued its spectacular advance. The livestock market was strong with only products under pressure, Heinold reported.

*Gold—Aug. 300.00 (296.00), Sep. 301.40 (298.00), Oct. 303.40, Dec. 300.80, Feb. 313.90, April 319.00, June 324.00, Aug. 328.90, Oct. 333.80, Dec. 338.70, Feb. 342.60, April 348.40, June 353.20.

*Platinum—Aug. 373.50 (387.00), Sep. 374.00 (367.50), Oct. 374.00, Jan. 374.50, April 380.00, July 386.50, Oct. Oct. 391.50, Jan. 397.20.

Coffee—Sept. 203.75 (201.00), Dec. 192.60 (188.60), March 186.50, May 185.32, July 184.25, Sept. 184.75, Dec. 185.00.

Copper—Aug. 89.60 (86.60), Sept. 89.70 (86.70), Oct. 89.95, Dec. 90.55, Jan. 90.70, March 91.05, May 91.20, July 91.25, Sept. 91.30, Dec. 91.35, Jan. 91.40, March 91.45, May 91.50, July nil.

Potatoes (round whites)—Nov. 66.4-67.1 (67.2), March 90.0-90.6 (88.5), April 110.0, May 129.5-130.1. Sales: 370

§Silver—Aug. 913.0 (891.8), Sept. 917.0 (897.0), Oct. 924.5, Dec. 938.5, Jan. 945.1, March 958.3, May 971.1, July 983.8, Sept. 996.5, Dec. 1015.4, Jan. 1021.8, March 1034.6, May 1047.4. Handy and Harman bullion spot 894.50 (894.10)

Tin—878.00-892.00 asked (878.00-890.00).

CHICAGO, August 14

Lard—Chicago loose 24.25 (24.50). New York prime steam 25.75.

Live Cattle—Aug. 63.15 (61.65-63.15), Oct. 63.35-63.00 (61.95-63.17), Dec. 65.30-65.45, Jan. 66.80, Feb. 67.50-67.55 April 68.47-69.35, June 70.85-70.80, Aug. 69.80, Oct. 69.10, Dec. 69.80. Sales: 31,454.

Live Hogs—Aug. 36.65-36.80 (35.47-36.82), Oct. 35.20-35.50 (34.40-35.35), Dec. 36.00-35.85, Feb. 37.40-37.50, April 36.50, June 40.40-40.50, July 40.70-40.50, Aug. 38.30, Oct. 38.60. Sales: 7,114.

‡‡Metals—Sept. 282-281½ (273), Dec. 280¾ (270¾), March 290½, May 290, July 298½, Sept. 298.

Pork Bellies—Aug. 29.05-28.95 (29.62-29.00), Feb. 41.20-41.05 (41.95-41.12), March 41.70-41.55, May 42.80-42.70, July 4.00-43.80, Aug. 42.80. Sales: 8,170.

Silver—Aug. 91.00 (890.0), Sep. 914.5 (894.5), Oct. 923.0, Dec. 938.5, Feb. Feb. 952.0, April 964.0, June 976.2, Aug. 988.6, Oct. 1001.2, Dec. 1014.0, Feb. 1027.0, April 1040.2, June 1033.7, Aug. 1067.0, Oct. 1081.7, Dec. 1096.0, Feb. 1110.5, April 1125.2, June 1104.1, Aug. 1155.2.

‡Soyabeans—Aug. 719-717½ (701), Sep. 717-718 (697½), Nov. 716-713, Jan. 728½-727½, March 740, May 749¾, July 755½, Aug. 758-754½.

§Soyabean Meal—Aug. 192.00 (186.30), Sep. 192.50-192.80 (186.90), Oct. 193.80-193.50, Dec. 196.50-196.00, Jan. 198.50-198.00, March 201.50-201.00, May 203.00, July 203.50-204.00, Aug. 205.50-206.00, Sep. 206.50-207.50.

Soyabean Oil—Aug. 28.45 (27.82), Sep. 27.55-27.60 (26.77), Oct. 28.75-27.80, Dec. 26.20-26.25, Jan. 26.20-20.15, March 26.25, May 26.25-26.30, July 26.25-26.20, Aug. 26.10-26.15, Sep. 20.00-26.10.

‡Wheat—Sep. 431¼ (411¼), Dec. 442½ (423½), March 460¾-450½, May

WINNIPEG, August 14. §Barley—Oct. 104.90-105.20 (101.30), Dec. 103.00 (99.20), March 102.40-102.50, May 101.90, July 99.10.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 233.35 (226.0).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, Aug. 14.

Wheat—U.S. No. Two Dark Hard Winter wheat 13.5 per cent, Sept. $193, U.S. Hard Winter wheat ordinary, unquoted. U.S. No Two Red Winter wheat, Oct. $187, Nov. $189. U.S. No. Two Northern Spring wheat 14 per cent, Aug. $190, Sept. $190, Oct. $192, Nov. $195, Dec. $201.

Maize—U.S. No. Three Corn Yellow afl $132, Aug. $135.50, Sept. $136, Oct. $137, Nov. $138, Dec. $141.50, Jan. and March $146.50, April and June $149.50.

Soyabeans—U.S. Two Yellow Gulf Ports Aug.-Sept. $297, Oct. $284.75, Nov. $284.25, Dec. $290.25, Jan. $294, Feb. $299, March $299.50, April $302, May $302.25, June $304, July $304.50. Brazil Yellow Faq unquoted. Argentine afl $287.50, mid-Aug./mid-Sept. $291.50.

Soyameal—44 per cent protein U.S. afl $221, Aug. $226.50, Sept. $232.50, Oct. $239, Nov.-March $244, April-Sept. $246. Brazil Pellets afl $230, Aug. $231, Sept. $239, Oct. $248, Nov. $251.

PARIS, Aug. 14

Cocoa (FFr per 100 kilos). Sept. 1310-1325, Dec. 1345-1353, March 1380-1405, May 1395, July 1400, Sept. 1405. Sales at call 0.

Sugar (FFr per 100 kilos). Oct. 1070-1075, Nov.-Dec. 1105-1110, March 1160-1164, May 1185-1200, July 1200-1220, Aug. 1210-1230, Oct. 1225-1250. Sales at call

INDICES

FINANCIAL TIMES

Aug. 13	Aug. 10	M'nth ago	Year ago
281.26	282.21	285.68	259.77

(Base: July 1, 1952=100)

MOODY'S

Aug. 13	Aug. 10	M'nth ago	Year ago
1056.5	1083.3	1085.9	953.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 13	Aug 10	Month ago	Year ago
Spot	393.20	392.23	407.66	363.48
F'tur's	402.15	400.90	419.26	355.55

(Average 1924-25-26=100)

REUTERS

Aug. 14	Aug. 13	M'nth ago	Year ago
1555.0	1650.4	1661.3	1440.4

(Base: September 18, 1931=100)

Rally in Government stocks contrasts with sharp fall in South African Golds and slightly lower equities

Account Dealing Dates
Option

*First Dealings	Declara- tions	Last Dealings	Account Day
July 30	Aug. 9	Aug. 10	Aug. 20
Aug. 13	Aug. 23	Aug. 24	Sep. 3
Aug. 28	Sep. 6	Sep. 7	Sep. 17

* "New time" dealings may take place from 9.30 am two business days earlier.

Government securities set the pace in stock markets yesterday as interest began to revive in front of today's tender for the new £1bn short tap issue. The latter factor tended to suppress initiative at first and quotations eased ¼ further, but the appearance of two sizeable investment buyers soon reversed the fall although trading conditions remained fairly thin and sensitive.

On the other hand, leading industrials lost part of Monday's rise in the absence of any follow-through to that day's selective investment support, while South African Gold shares fell sharply in sterling terms, being affected by American selling, the early drop in the bullion price and, later, by the lower investment currency premium. Final losses among heavyweight Golds ranged to 1½ points, after 2 points.

Optimism that tomorrow's *money supply figures would confirm the slowdown in bank lending from recent high levels was more noticeable in the funds and* the tone at the close was the day's best. Exceptional early losses of ½ were registered by Exchequer 12½ per cent "A" 1999 and the partly-paid Treasury 11¾ per cent 2003-07, but these were subsequently replaced by *gains of ¼ in the* former and ⅜ in the latter.

Other improvements among longer-dated British Funds extended to ⅝ as in the ultra-long Exchequer 12 per cent *2013-17, at 102; the shorts were* a maximum of ¼ better on balance, although several low-*coupon stocks were marginally* easier on the day.

Business in the equity sectors was below the *slightly improved* standards of last week and investment enthusiasm was not *helped by advice from Whitehall* to treat the apparent recovery in UK industrial output over the *past few months with caution.* Investors would not be drawn despite maintenance of the *recent good rally on Wall Street,* although selective attention was directed at special situations and *a few other stocks.*

The downdrift in the leaders was measured by a loss of 1.9 *in the FT 30-share index at 1 pm* but, following continuation later of the upturn in Gilts, leading equities *edged away from the* lowest and the index closed only 0.7 off on balance at 475.1.

In thin and volatile conditions, rates for investment currency *fluctuated between 34 and 30 per* cent before the premium settled a net ¾ lower at 30½ per cent. *The movements in sterling were* largely responsible for the market's change of direction. *Yesterday's SE conversion factor* was 0.8950 (0.8877).

The volume of business in the *Traded Options market again left* a lot to be desired even though the 346 contracts completed was nearly 100 up on the previous day's figure. **Marks and Spencer** were particularly lively yesterday, recording 126 deals.

C.U. disappoints

Commercial Union closed 4 off at 144p following the disappointing interim figures which disclosed underwriting losses of £17.2m. Other Composites generally eased in sympathy and *Royals, which report half-yearly* results tomorrow, lost 7 to 343p. **General Accident**, however, held *at the overnight level of 222p in* front of today's first-half figures.

Demand from Ireland and the *firm punt helped* **Allied Irish** feature an otherwise lacklustre banking sector with a rise of 8 to *120p. The major clearers* drifted lower on lack of support and **Barclays**, 435p, and **Lloyds**, 295p, cheapened 2 apiece. Overseas issues made progress in places. **ANZ** added 6 to 203p and **National Bank of Australasia** firmed 4 to 142p.

Conditions in the Brewery sector remained quiet, but leading issues were inclined harder. **Guinness** firmed 3 to 177p and **Whitbread "A"** put on a penny more to 148p. Elsewhere, **Merrydown Cider** dealt in under Special Rules responded to Press mention with a gain of 3 at 40p.

The Building sector displayed scattered improvements, but business was reduced from recent levels. **Parker Timber** continued to attract attention and added 4 for a two-day gain of 10 to 190p, and **Walter Lawrence** also improved 4, to 88p, the latter in a thin market. Up 9½ on Monday following favourable weekend Press comment, **A. Monk** encountered a fair two-way trade and settled ½ cheaper at 57p, after 56p. Recently firm **Manders** met profit-taking and shed 5 to 165p, but **Leyland Paint** put on 3 to 53p. **M. J. Gleeson** found support and added 2 to 36p, but **Whatlings** came on offer and relinquished that much to 26p.

Further speculative buying on bid hopes in the wake of Press comment helped **Peters** highlight Stores again with a fresh rise of 6 to a 1979 peak of 88p. **A. G. Stanley** hardened 2 to 77p in response to the sharply higher interim profits, while **Home Charm** *gained 5 to 117p in sympathy.* **Bakers Household** rose 4 to 90p as did **Foster Bros.**, to *128p, but* **MFI Furniture** *reacted* that much to 166p on profit-taking.

Still reflecting the recent good preliminary results, **Wholesale Fittings** encountered further demand and gained 15 more to 390p. Elsewhere in the Electrical sector, buyers showed interest in **AB Electronic**, 10 to the good at 194p, and **Decca "A,"** a similar amount dearer at 335p, but disappointment with the half-yearly figures left **Philips Lamp** 10 lower at 540p.

John Brown continued to trade firmly and edged up 6 more to 433p, while **GKN** hardened 3 further to 274p, but **Hawker** turned easier at 198p, down 4. Sporadic buying was evident outside the Engineering leaders, **Chas. Clifford** improving 5 more to 118p ahead of the interim results, due shortly. **Staveley** revived with a gain of 6 to 268p, while fresh speculative buying interest left **Manganese Bronze** 3 to the good at 47p, after 48p. News of the sale of Bidston Steel for £11m prompted a gain of 13 to 147p in **Hall Engineering**. **Porter Chadburn** firmed 4 to 86p.

A relatively active and firm sector of late, Foods gave modest ground on lack of follow-through support. **J. Sainsbury** eased 2 to 325p and **Tesco** ½ to 77½p, while **Tate and Lyle** shed 3 to 135p. **William Morrison**, at 178p, relinquished nearly all of the previous day's Press-insipred gain of 12, but a combination of scattered support and stock shortage prompted a gain of 2 to 104p in **Avana**.

Letraset lower

The proposed £9m fund-raising call outweighed the sharp increase in annual earnings and *consequently* **Letraset International** fell away to touch 127p before closing 7 down on balance *at 131p. Elsewhere in miscellaneous Industrials, the liquidation of bull positions in the wake of the record results prompted a* fall of 11 to 163p in **AGB Research**, while **Vinten** encountered profit-taking and dipped 10 to 160p. **Abbey**, however, rose 6 to 40p in response to thet better-than-expected results and **Hepworth Ceramic** added 3 to 107p on buying ahead of the interim results due in the next couple of weeks. **L.C.P.** hardened 2 to 122p in front of today's annual meeting and **Lead Industries** put on a penny *more to 159p on further* consideration of the $50m deal with NL Industries Inc. of the U.S. **Smith and Nephew** edged forward a fraction to 79p following the uninspiring half-year figures and **Evode** gained a penny to 41p as takeover hopes revived. Also bouyed by bid hopes, **Office and Electronic** gained 7 afresh to 172p. **Crosby House** also closed 7 better, at 187p. **Manchester Ship Canal** continued to respond to the favourable interim figures with a rise of 8 at 305p and Australian giant **Broken Hill Proprietary** rose 20 to 555p on domestic influences. **Glaxo**, 5 lower at 428p, provided the only movement worthy of note among the idle leaders.

Press comment pointing out the dividend potential of TV contractors prompted a gain of 2 in **Grampian A**, 49p, and added a penny to **Anglia A**, 72p. Among Leisure issues, speculative support was again forthcoming for **Management Agency and Music** which added 4 for a two-day gain *of 11 to 150p.*

In Garages, **British Car Auction** firmed 4 to 69p in *response to a Press mention.*

Properties edged forward on sporadic support with **Land Securities** and **MEPC** *adding 2* apiece to 307p and 198p respectively. Up 17 on Monday, **Fairview Estates** *reacted to 220p* before fresh demand lifted the price to 227p for a gain of 4 on balance. *Comment on the annual* results and the bid situation with Eagle Star left **Bernard Sunley** a couple of pence better at 487p. Speculative interest was shown in **Trafford Park Estates** which put *on 6 to 146p, while* **Amalgamated Estates** picked up ½ to 16½p and **R. Green** firmed 2½ to 47½p. Gains of 5 were marked against **Rush and Tompkins**, 150p, and **United Real**, 430p, but profit-taking left **Bilton** 6 cheaper at 224p. Standing 10 higher awaiting the annual results, **McKay Securities**, 140p, held at that level following the announcement. **Bradford Property** shares went ex scrip issue to new Ordinary and Preference shares on Monday; yesterday's close for the old Ordinary was 163p with the Preference quoted at 102p.

Oils quiet

Fairly quiet conditions prevailed in *Oil shares*, but the undertone of the market was steady to firm. **British Petroleum** rarely strayed far from the overnight closing level and closed without alteration 1,195p. **Shell** firmed 4 to 330p while, in the more speculative issues, **Siebens (UK)** put on 6 further to 276p. **Lasmo** were similarly dearer at 250p and the **OPS** improved 15 to 765p.

Trusts maintained a firm trend, with particular interest being shown in Japanese issues, **Jardine**, 114½, and **Crescent**, 151½p, improving around 8 apiece and **GT** 6½ to 165½p.

Selective support was forthcoming for Textiles. Further demand lifted **Sirdar** 9 to 115p, while **Towles** came to life with a gain of 8 to 98p. **SEET** edged up 3 more to 76p and **Tern-Consulate** were similarly better at 80p. Tobaccos held quietly steady.

Selective demand was evident in Plantations. **Singapore Para** put on 8 to 133p and **Rosehaugh** gained 5 to 102p.

South African industrials took a turn for the better, sentiment being helped by the good results from Abercom *Investments* which closed 9 up at 113p. **Anglo-American Investments** rose 55 to 625p, while **Gresham Industries**, 95p, and **Unisec**, 65p, gained 5 apiece.

Sharp fall in Golds

The erratic movements in the bullion price—finally $1 easier at $296.25 after extremes of *around $292 and $297*—and in the investment currency premium prompted difficult trading *conditions in the gold share* market.

In dollar terms, prices were marked down sharply at the outset reflecting heavy overnight American selling. But they rallied later in the day following the upturn in bullion and closed well above the day's lowest.

In sterling terms, early losses were cushioned by the further rise in the premium but as the latter turned down in the afternoon prices fell accordingly. The Gold Mines index registered a decline of 6.3 at 162.9 while the ex-premium index showed a loss *of 4.4 at 145.8.*

Among heavyweights, falls ranged to £1½ as in **Randfontein**, £25¾, while **Hartebeest**, £14¼, **Vaal Reefs**, £16, and **Western Holdings**, £16¼, all closed around ½ down. Medium and lower-priced stocks showed **East Driefontein** 50 off at 612p, **Blyvoor** 18 cheaper at 318p and **Zandpan** 16 down at 241p.

The investment premium was the dominant influence in South African Financials. **Union Corporation** had an initial gain of 10 cut to one of 2 at *364p, while* **Anglo American** were finally a penny harder at 354p, after 360p, and **De Beers** *the same amount* better at 370p, after 379p.

London Financials were *quietly easier with the exception* of **Rio Tinto-Zinc** which moved ahead in the late trade to close 2 up at 280p, after 287p, in response to the buoyant copper price.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	1300	20	1	58	—	84	1	1196p
Cons. Gold	220	18	—	22	5	31	—	221p
Cons. Gold	240	7	4	15	—	21	—	"
Courtaulds	90	5½	10	8	—	12	—	88p
Courtaulds	100	2½	4	4	—	—	—	"
GEC	360	48	11	70	—	82	—	395p
GEC	390	27	10	49	2	61	—	"
GEC	420	9	6	35	5	—	—	"
Grand Met.	118	36	1	—	—	—	—	152p
Grand Met.	138	17	17	25	5	—	—	"
Grand Met.	158	7	6	13	2	—	—	"
Grand Met.	178	1¼	6	5½	—	—	—	"
ICI	330	21	2	30	—	36	—	340p
ICI	360	6	5	17	1	—	—	"
ICI	390	2½	—	8½	1	—	—	"
Land Secs.	260	56	5	—	—	—	—	307p
Land Secs.	300	22	—	36	5	48	—	"
Marks & Sp.	110	14	29	19	3	22	—	120p
Marks & Sp.	120	7	—	13	—	17	14	"
Marks & Sp.	130	2½	80	6	—	—	—	"
Shell	325	20	1	32	—	—	—	330p
Totals			197		29		15	

Option	Ex'rc'se price	August Closing offer	August Vol.	November Closing offer	November Vol.	February Closing offer	February Vol.	Equity close
EMI	120	¼	12	5	—	6	5	97p
EMI	160	¼	30	—	—	—	—	"
Imperial Gp.	110	¼	50	1½	—	—	—	96p
RTZ	260	29	1	45	—	54	—	285p
RTZ	280	9	—	30	1	41	—	"
RTZ	330	½	6	12	—	20	—	"
Totals			99		1		5	

FINANCIAL TIMES STOCK INDICES

	Aug. 14	Aug. 13	Aug. 10	Aug. 9	Aug. 8	Aug. 7	A year ago
Government Secs.	73.69	73.58	73.74	73.96	73.85	73.11	71.15
Fixed Interest	74.45	74.52	74.48	74.54	74.12	73.75	72.89
Industrial	475.1	475.8	470.0	467.4	473.7	466.6	511.2
Gold Mines	162.9	168.2	169.3	166.3	157.9	149.8	201.0
Gold Mines(Ex-$ pm)	145.8	150.2	153.0	151.7	146.7	139.3	130.3
Ord. Div. Yield	6.85	6.82	6.89	6.91	6.82	6.91	5.28
Earnings, Yld. % (full)	17.25	17.21	17.38	17.52	17.31	17.52	16.92
P/E Ratio (net) (*)	7.30	7.31	7.23	7.17	7.25	7.16	8.34
Total bargains	15,701	16,136	18,660	18,282	18,863	15,944	—
Equity turnover £m	—	74.15	72.90	87.25	91.21	76.87	71.94
Equity bargains total	—	11,918	11,474	13,651	11,988	10,627	21,347

10 am 475.1. 11 am 474.3. Noon 474.3. 1 pm 473.9. 2 pm 474.1. 3 pm 474.1.

Latest Index 01-246 8026.

* Nil=7.02.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (5/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.03 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	203.4 (8/5)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines Ex. $pm)	169.5 (6/6)	95.2 (2/11)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	Aug. 14	Aug. 13
—Daily		
Gilt Edged	159.3	154.6
Industrials	138.8	127.6
Speculative	[illegible]	27.8
Totals	88.3	89.6
5-d'y Av'r'ge		
Gilt Edged	162.7	166.5
Industrials	133.0	131.2
Speculative	25.6	25.4
Totals	92.3	91.6

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Shell Transport	25p	12	330	+4	402	278
ICI	£1	8	341	−1	415	314
GEC	25p	7	395	−1	456	311
Barclays Bank	£1	6	435	−2	514	360
Boots	25p	6	191	—	238	177
Lennons	10p	6	40	+1	41	29
NatWest Bank	£1	6	338	−2	408	278
P. & O. Defd.	£1	6	102	−1½	105	71
Royal Dutch	FL20	6	£33¾	−¼	£47½	£31½
BTR	25p	5	322	−2	341	219
Broken Hill Proprietary	$A2	5	555	+20	555	478
Commercial Un.	25p	5	144	−4	185	134
Courtaulds	25p	5	88	−1	122	82
Debenhams	25p	5	85	−1	98	78
Grand Met.	50p	5	151	−1	178½	110½

OPTIONS

DEALING DATES

First Deal- ings	Last Deal- ings	Last Declara- tion	For Settle- ment
Aug. 6	Aug. 17	Nov. 1	Nov. 12
Aug. 20	Aug. 31	Nov. 15	Nov. 26
Sep. 3	Sep. 14	Nov. 29	Dec. 17

For rate indications see end of Share Information Service

Stocks to attract money for the call included **Marks and Spencer, KCA, Town and City, Wilson Bros., MFI, Spillers, Burmah Oil, Premier Consolidated, Harris Queensway, Lonrho, Manganese Bronze, EMI, Hawker, Allebone, Hawtin, Trafalgar House** and **Hoover "A."** **Town and City** were dealt in for the put, while double options were arranged in **Hepworth Ceramic, Burmah Oil, MFI** and **Sound Diffusion**.

APPOINTMENTS

GKN Forgings new chairman

Mr. A. N. Fenton is to become chairman of GKN FORGINGS from October 1 on the retirement of Mr. J. L. Edwards. Mr. Fenton will relinquish his post as joint managing director of GKN Sankey, having joined that company in 1951.

★

Mr. Robert Brown has been appointed to an overseas development post as a senior executive of BOVIS INTERNATIONAL. He joins Bovis from an Arab contracting company in the Middle East.

★

Mr. Colin M. Short, assistant treasurer in London, GULF OIL CORPORATION, will move to Pittsburgh to take over responsibility for banking, investments and corporate finance of the *treasury department. Mr. Robert T. Garrity, formerly assistant treasurer in Pittsburgh, succeeds Mr. Short in London.*

★

Mr. A. L. Osborne has been appointed a regional director from September 1 on the Bristol regional Board of Lloyds Bank which sits under the chairmanship of Sir Reginald Verdon-Smith. Mr. Osborne, who retired from the bank in May, was an assistant general manager.

★

Mr. Iain Macleod has been appointed manager in Edinburgh of BUTLER TILL, sterling money brokers, from September 1.

★

Mr. J. L. Garrick has been appointed deputy chief manager of the COMMONWEALTH TRADING BANK OF AUSTRALIA, London. He suceeds Mr. A. R. Nimmo who is returning to Australia as manager of the bank's Melbourne office. Mr. W. K. Wilson, formerly an assistant manager in the bank's international division in Sydney, has been appointed to the new position of senior manager, commercial operations, London.

★

Mr. A. L. Ward, national sales *manager of* WITTENBORG AUTOMAT, has been appointed sales director. Mr. Roy David, *service manager, becomes technical director.*

★

Mr. *Andrew Atkins has been* appointed to the newly-created post of London area manager of the CITY OF LONDON BUILDING SOCIETY from September 3. He was previously with the Bradford and Bingley Building Society.

★

Mr. Paul F. Hilton has been elected chairman of UNION CARBIDE EUROPE, replacing Mr. J. Clayton Stephenson, who will return to the U.S. to assume other responsibilities. The company is a subsidiary of Union Carbide Corporation.

★

The Secretary for Employment has appointed six new members to the RUBBER AND PLASTICS PROCESSING INDUSTRY TRAINING BOARD for three years. They are Mr. J. A. Brydson, Mr. D. T. Kingan, Mr. R. Lewis, Mr. R. Scott, Mr. W. O. J. Smiles and Mr. R. Tampling.

★

Mr. Eugene H. Martel has been elected to the Board of the BADGER COMPANY, INC., a Raytheon company. He is president of Asia Badger, Inc., the Asia Pacific region. Mr. T. Bradai has become sales engineer of Badger France.

★

Mr. H. B. Meyer of Plus Products, has become the new chairman of the BRITISH ADHESIVES MANUFACTURERS' ASSOCIATION. Mr. B. J. Wardle, previously chairman of the BAMA, has been elected vice-president (president elect) of the EUROPEAN FEDERATION OF ADHESIVES MANUFACTURERS, being the first member of the British Association to hold that post. Mr. Wardle is managing director of Industrial Adhesives.

★

Mr. W. H. K. Matthews, previously manager of Kingsway (London) branch, MIDLAND BANK, has been appointed group public affairs adviser. He *succeeds Mr. M. J. Fuller, who* has been made regional director, Southampton.

★

Mr. Reginald Housby, chairman of MULTI PNEUMATICS, is to resign on August 31 and retire from business.

★

Mr. R. H. Dent has retired from the Board of CHARTER CONSOLIDATED and Mr. G. A. *Higham, deputy chairman and* managing director of Cape Industries, has been appointed in his place.

★

Mr. Vernon S. Gregg has been appointed a director of SECURITY SERVICES.

★

The DRALLIM INDUSTRIES group, Bexhill-on-Sea, has acquired a wholly-owned subsidiary, B. Davis Electronics, based at St. Leonards. The founder of the company, Mr. Bryan Davis, has been appointed group managing director in succession to Mr. Edward H. Curry who has retired for health reasons, but who remains a Drallim group director.

★

Mr. G. Lennox Cotton, senior partner of Crawford & Lockhart, Martin H. Turnbull and Co., solicitors, of Belfast, has been appointed a director of the WOOLWICH EQUITABLE BUILDING SOCIETY's local Board for Scotland and Northern Ireland.

★

Mr. John S. Purdon is to be assistant general manager (development) and Mr. Leo P. Finn will take up the appointment of secretary of NORTHERN ROCK BUILDING SOCIETY from October 1.

★

Mr. R. T. Elvy has been appointed general manager, personnel of TEXACO LIMITED. He joined the company as assistant legal adviser in 1972 and became manager, personnel, in February 1979. Mr. T. T. Shann, director, personnel, has retired.

★

Mr. Eric Atkins has joined the Board of BABCOCK PRODUCT ENGINEERING.

★

Mr. Henry McKay has been appointed to the Board of SECURICOR LIMITED as director, general services. The parent concern is Securicor Group.

★

Mr. R. Broadway has been appointed managing director of RHP BEARINGS SOUTH AFRICA (PTY.), a subsidiary of Ransome Hoffmann Pollard. He is succeeded as manager of the company's Newark factory by Mr. Martin Melling.

★

Mr. Brian Morgan has joined the main Board of CAPITAL RADIO as a deputy managing director. He is a senior partner in the firm of solicitors which has handled the affairs of Capital since the inception of the company.

★

The Prime Minister has appointed Mr. Michael Alexander to be her private secretary for overseas affairs in succession to Mr. Bryan Cartledge, who is taking up a further post in the Diplomatic Service. Mr. Alexander will join 10 Downing Street at the end of this month, moving from the Foreign and Commonwealth Office where he has been deputy head and later head of the personnel operations department.

★

Dr. Alfred Herrhausen and Mr. Fobertus Hoogendijk have been elected to the Board of EUROPEAN AMERICAN BANCORP and its primary subsidiaries, European American Bank and Trust Company and European American Banking Corporation. Dr. Herrhausen is a member of the Board of managing directors of Deutsche Bank AG, Germany, one of EAB's six shareholder banks. Mr. Hoogendijk is a member of the Board of managing directors of Amsterdam-Rotterdam Bank NV, also an EAB shareholder bank.

★

Mr. John Cumberland has been appointed managing director of T. W. BEACH, a member of the Cavenham Group and will lead its £3m expansion programme. Mr. Cumberland has been marketing director of Bovril since 1974.

★

Jermyn Publications, the publishing company backed by Trust Houses Forte, has made three appointments at PANACHE, the new glossy monthly magazine to be issued on November 1. Mr. David Davies, becomes advertisement director, Mr. Martin Higgins, marketing director, and Mr. Simon Kelly, advertising manager.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (30)

BRITISH FUNDS (1)
Electric 3½pc 76-79

AMERICANS (1)
Burroughs Cpn.

BANKS (1)
Sec. Pacific Cpn.

CHEMICALS (1)
Allied Colloids

STORES (1)
Peters Stores

ELECTRICALS (2)
Farnell Elect. — Wholesale Fittings

ENGINEERING (1)
Green's Economiser

INDUSTRIALS (7)
B. H. Prop. — Halma
Crosby House — National Carbonising
Gripperrods — N.C.R. 4pc '93-98
Valor

MOTORS (1)
Plaxton's

PAPER (1)
Mills & Allen

PROPERTY (10)
Berkeley Hambro — Hammerson A
Bradford Prop. — Kent (M. P.)
Brixton Estate — Lynton Hldgs.
County & District — McKay Secs.
Fairview Estates — Town Centre Prop.

SHOES (1)
Stead & Simmonds A

OILS (1)
Attock

OVERSEAS TRADERS (1)
Boustead

NEW LOWS (12)

CORPORATION LOANS (1)
Burnley 13pc 1987

BUILDINGS (1)
Whatlings

ENGINEERING (2)
Aurora — Delson

HOTELS (1)
Wheeler's Restaurants

INDUSTRIALS (4)
Camrex — Highgate & Job
Glaxo — Parker Knoll A

MOTORS (1)
Brown Bros.

SHIPPING (1)
Mersey Dock Units

TEXTILES (1)
Beales (J.)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	70	8	9
Corpns., Dom. and Foreign Bonds	9	7	49
Industrials	368	186	869
Financial and Prop.	212	42	283
Oils	14	3	22
Plantations	7	—	21
Mines	51	49	46
Others	98	8	46
Totals	829	273	1,334

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
‡‡	F.P.	24/8	75	60	Arrow Chemicals	71	......	b2.0	2.8	4.0	15.4
‡‡	F.P.	—	88½	86	Barlow Hldgs.	86	......	T2.5	1.1	4.3	29.9
80½	F.P.	27/7	105½	95½	Fairline Boats	102	......	b5.6	3.6	4.9	7.3
160	F.P.	5/9	190	185	Mercantile House	188	−2	10.72	2.3	8.1	7.7
‡‡	F.P.	10/8	37	26	Mettoy Dfd.	35	—	—	—	—	—
‡‡	F.P.	—	36	30	St. George Assets 10p	36	+1	bd1.8	1.6	4.0	24.3
160	F.P.	8/8	198	186	Standard Tel. & Cables	196	−2	b8.0	2.1	5.8	11.8

FIXED INTEREST STOCKS

£ Issue Price	Am'unt Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
¶91	F.P.	21/9	87	86½	Aurora 8¼ Conv. Cum. Pref.	87	—
‡‡	F.P.	—	102½p	101p	Bradford Prop. 10½% Cum. Pref.	102p	+½
100	F.P.	20/7	101¼	92	English & Overseas Inv. Conv.	93	—
¶96½	£10	29/11	12¼	8¾	Essex Water 8% Red Pref. 1984	12¼	—
‡‡	F.P.	—	73½	73	Lonrho 9% 2nd Mort. Deb. 87/92	73½	—
‡‡	F.P.	—	90½	89½	Do. 12⅝% 2nd Mort. Deb. 85-90	90½	—
‡‡	F.P.	—	98½	97	Do. 12⅞% 2nd Mort. Deb. 80-85	98½	—
97	Nil	—	98¾	97¾	Scot. Agricultural Sec. 13% Deb. 97-99	98½	—
100p	—	2/9	102p	100p	Stonehill 10½% Cum. Pref.	101p	—
¶98	F.P.	21/9	12¾	10½	Sund. & S. Shields Water 8% 1986	10¼	—
¶98	£10	19/10	13¼	10½	Wrexham Water 8% 1984	11½	—

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date		1979 High	1979 Low	Stock	Closing Price p	+ or −
14	Nil	31/8	21/9	5pm	4pm	Abwood Machine Tools	4½pm	−1
25	Nil	24/8	14/9	45pm	40pm	Bank & Commercial	40pm	[illegible]
A$2	F.P.	24/7	17/8	157	[illegible]	Bank of New South Wales	157	[illegible]
30	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Control Securities	[illegible]	[illegible]
25	Nil	[illegible]	[illegible]	[illegible]	[illegible]	Goodwin (W.)	[illegible]	[illegible]
60	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
50	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Hanson Trust	[illegible]	[illegible]
47	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Hargreaves	[illegible]	[illegible]
115	Nil	[illegible]	[illegible]	[illegible]	[illegible]	Hay's Wharf	[illegible]	[illegible]
88	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Highland Dist.	[illegible]	[illegible]
165	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Holt Lloyd Intl.	[illegible]	[illegible]
10	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Intl. Timber	[illegible]	[illegible]
130	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Nil	[illegible]	[illegible]	[illegible]	[illegible]	London Inv. Trust	[illegible]	[illegible]
5cts	Nil	[illegible]	[illegible]	[illegible]	[illegible]	Ovenstone	[illegible]	[illegible]
208	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Stylo Shoes	[illegible]	[illegible]
157	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	UBM	[illegible]	[illegible]
10	nil	[illegible]	[illegible]	3pm	2pm	Yorkgreen Invs.	2pm	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 Lacomo shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Aug. 14, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Aug. 13 Index No.	Fri., Aug. 10 Index No.	Thurs., Aug. 9 Index No.	Wed., Aug. 8 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	247.73	+0.1	17.49	5.75	7.35	247.55	244.66	242.71	243.79	262.23
2	Building Materials (27)	226.45	+0.1	18.43	5.90	7.08	226.28	225.01	223.48	224.31	222.04
3	Contracting, Construction (28)	369.47	+0.3	24.70	5.86	5.06	368.54	362.75	361.41	359.28	396.96
4	Electricals (15)	626.84	−0.1	13.02	3.70	10.28	627.66	619.48	608.10	610.86	522.87
5	Engineering Contractors (12)	368.59	—	19.65	6.56	6.36	368.67	365.15	366.64	369.10	358.92
6	Mechanical Engineering (74)	178.82	—	18.82	6.50	6.76	178.74	176.69	176.36	177.52	192.45
8	Metals and Metal Forming (16)	165.00	+0.6	18.97	9.07	6.55	164.01	161.39	160.83	161.98	176.96
	CONSUMER GOODS										
11	(DURABLE) (52)	235.71	+0.1	15.46	4.83	8.13	235.51	231.85	230.65	231.58	216.83
12	Lt. Electronics, Radio, TV (16)	332.40	−0.1	11.95	3.61	10.83	332.60	326.81	324.34	324.54	267.75
13	Household Goods (13)	150.24	+0.3	19.38	7.27	6.33	149.81	148.53	149.34	149.14	189.07
14	Motors and Distributors (23)	113.86	+0.4	23.49	7.36	5.17	113.39	111.95	111.78	113.00	133.21
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	241.29	+0.1	16.22	5.88	7.69	241.14	239.66	239.07	241.44	220.57
22	Breweries (14)	287.56	+0.8	15.77	5.32	7.56	285.21	284.71	285.33	287.56	237.26
23	Wines and Spirits (6)	319.99	−0.1	17.17	5.61	7.27	320.26	327.43	327.95	333.45	283.73
24	Entertainment, Catering (17)	311.87	+0.1	15.95	6.52	8.26	311.64	308.13	306.33	313.89	271.15
25	Food Manufacturing (19)	206.11	+0.1	19.34	6.45	6.50	205.92	204.19	204.78	207.73	215.72
26	Food Retailing (15)	318.48	—	11.62	4.01	10.27	318.60	314.92	314.85	316.18	227.86
32	Newspapers, Publishing (12)	411.39	+0.2	23.00	7.07	6.10	410.67	409.49	409.54	409.28	397.21
33	Packaging and Paper (15)	126.86	+0.3	23.17	8.78	5.59	126.46	125.43	125.91	125.96	146.99
34	Stores (41)	251.41	−0.2	11.62	4.15	11.31	252.00	249.92	247.89	249.69	209.07
35	Textiles (23)	155.63	+0.2	23.48	9.91	5.39	155.48	152.83	151.97	152.69	183.92
36	Tobaccos (3)	245.49	—	23.38	9.06	4.86	245.49	245.23	245.23	247.91	259.53
37	Toys and Games (6)	78.21	+1.5	22.10	8.61	5.75	77.08	79.20	73.77	73.78	121.18
41	OTHER GROUPS (99)	202.74	+0.1	15.72	6.20	7.84	202.51	199.57	199.04	200.61	215.77
42	Chemicals (18)	280.63	−0.1	18.08	6.88	6.46	280.86	277.68	277.03	281.50	299.95
43	Pharmaceutical Products (7)	223.38	−0.8	12.56	4.91	9.73	225.17	218.12	217.22	219.11	278.65
44	Office Equipment (6)	120.58	+0.6	16.64	6.88	7.55	119.85	118.68	118.61	119.66	137.02
45	Shipping (10)	450.45	−0.3	10.44	6.66	12.83	451.72	444.79	445.12	443.97	429.04
46	Miscellaneous (58)	242.92	+0.7	15.99	6.03	8.06	241.16	238.87	238.09	238.55	230.77
49	INDUSTRIAL GROUP (494)	240.39	+0.1	16.37	5.84	7.67	240.28	237.77	236.80	238.60	231.60
51	Oils (6)	636.29	+0.5	12.49	5.29	8.51	633.06	657.68	652.05	661.75	497.38
59	500 SHARE INDEX	272.60	+0.2	15.70	5.75	7.80	272.19	271.70	270.38	272.78	254.08
61	FINANCIAL GROUP (116)	191.17	−0.5	—	5.47	—	192.18	190.59	189.45	189.60	176.87
62	Banks (6)	222.56	−0.4	34.50	5.76	3.51	223.44	225.22	224.56	221.60	195.87
63	Discount Houses (10)	264.30	−0.4	—	6.95	—	265.36	261.67	260.12	255.31	223.13
64	Hire Purchase (5)	169.06	+1.4	19.62	5.14	6.53	166.73	166.17	166.17	167.01	166.82
65	Insurance (Life) (10)	150.12	+0.9	—	6.77	—	148.81	147.86	146.37	148.80	151.31
66	Insurance (Composite) (8)	125.54	−1.2	—	7.19	—	127.05	125.85	125.12	125.63	137.13
67	Insurance Brokers (10)	267.24	+0.4	18.73	6.86	7.64	266.14	261.70	260.77	267.53	363.09
68	Merchant Banks (14)	99.24	+0.4	—	5.55	—	98.81	98.18	98.24	97.58	84.45
69	Property (43)	368.93	−1.3	3.25	2.47	45.20	373.68	364.65	360.74	362.21	258.21
70	Miscellaneous (10)	117.55	—	15.83	7.52	8.09	117.60	117.03	116.65	116.47	114.20
71	Investment Trusts (110)	212.10	+0.8	—	5.37	—	210.33	208.52	208.50	206.94	240.88
81	Mining Finance (4)	123.13	+0.2	16.18	6.14	7.58	122.93	120.43	120.78	121.14	118.88
91	Overseas Traders (20)	341.75	+0.3	15.91	7.28	7.70	340.75	335.41	336.18	334.73	325.42
99	ALL-SHARE INDEX (750)	249.36	+0.1	—	5.72	—	249.12	248.20	247.07	248.60	234.46

FIXED INTEREST PRICE INDICES

	British Government	Tues., Aug. 14	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.40	+0.12	—	6.03
2	5-15 years	118.31	+0.43	—	7.06
3	Over 15 years	125.29	+0.44	—	8.63
4	Irredeemables	138.99	+0.29	—	7.24
5	All stocks	115.65	+0.32	—	7.21

FIXED INTEREST YIELDS (British Govt. Av. Gross Red.)

			Tues., Aug. 14	Mon., Aug. 13	Year ago (approx.)
1	Low Coupons	5 years	10.07	10.09	8.66
2		15 years	10.51	10.55	10.74
3		25 years	10.95	11.00	11.46
4	Medium Coupons	5 years	12.02	12.11	11.35
5		15 years	12.08	12.11	11.97
6		25 years	12.06	12.11	11.99
7	High Coupons	5 years	12.27	12.34	11.37
8		15 years	12.43	12.50	12.44
9		25 years	12.41	12.46	12.68
10	Irredeemables		10.66	10.69	11.50

		Tues., Aug. 14 Index No.	Tues., Aug. 14 Yield %	Mon. Aug. 13	Fri. Aug. 10	Thurs. Aug. 9	Wed. Aug. 8	Tues. Aug. 7	Mon. Aug. 6	Fri. Aug. 3	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	58.41	†13.71	58.41	58.36	58.34	58.10	58.07	58.05	58.10	57.53
16	Investment Trust Prefs. (15)	51.11	13.11	50.69	50.69	50.60	50.69	50.69	50.69	50.69	51.57
17	Coml. and Indl. Prefs. (20)	71.40	12.57	71.44	71.57	71.57	71.60	71.60	71.63	71.80	70.49

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Gilt Inc. Tst.	107.6	113.3	+0.1	3.14
Abbey Capital	37.9	40.3	.....	4.56
Abbey Income	44.1	46.9	.....	6.47
Abbey Inv. Tst. Fd.	36.9	39.3	+0.3	5.37
Abbey Gen. Tst.	50.6	53.8	+0.4	4.53
Equitas Prog. Tst.	70.1	74.6	+0.6	4.58

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	96.7	101.7	.....	12.05

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	73.5	78.6	+0.2	5.29
Brit. Inds. Fund	70.5	75.4	+0.2	5.28
Grth. & Inc.	41.6	43.5	+0.2	5.01
Elect. & Ind. Dev.	38.4	41.1	+0.2	4.53
Allied Capital	76.6	84.7	+0.4	4.90
Hambro Fund	117.3	126.4	+0.7	5.99
Hambro Acc. Fd.	138.6	148.3	+0.3	4.52
Income Funds				
High Yield Fd.	72.7	77.8	+0.5	8.79
High Income	71.1	76.1	+0.5	7.10
A. H. Eq. Inc.	41.1	44.0	+0.2	7.36
International Funds				
International	25.8	27.8	+0.4	2.92
Pacific Fund	36.4	38.9	+0.3	2.26
Secs. Of America	57.2	61.2	-1.0	1.06
Specialist Funds				
Smaller Co.'s Fd.	47.3	50.6	+0.4	3.96
2nd Smlr. Co's Fd.	58.5	62.8	+0.4	3.96
Recovery Sits.	112.9	120.7	+0.5	5.46
Met. Min. & C'dty.	46.3	49.5	+0.5	5.35
Overseas Earnings	57.1	61.1	+0.2	4.75
Exempt Funds				

Friends' Provdt. Unit Tst. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	49.2	52.6	+0.1	4.65
Do. Accum.	66.0	70.5	+0.1	4.65

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Aug. 2	102.6	102.8	.....	4.86
Gross Inc. Aug. 2	71.8	76.2	.....	10.24
High Yield Aug. 2	86.7	89.2	.....	9.59

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	105.6	112.3	+2.1	4.00
Do. Acc.	131.2	139.5	+2.7	4.00
G.T. Inc. Fd. Un.	174.1	185.2	+1.6	8.10
G.T. U.S. & Gen.	156.2	144.8	+3.3	2.80
G.T. Japan & Gen.	79.8	84.4	+1.8	2.70
♦Gt. Pens. Ex. Fd.	209.4	219.8	.....	5.60
G.T. Int'l. Fund	151.5	161.1	+2.8	2.10
G.T. Four Yds. Fd.	53.4	56.8	.....	7.90
G.T. Far East & Gen.	43.9	47.2	.....	3.40

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	36.1	38.6	+0.3	5.00

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only. 01-623 5766/5806

American Tst.	25.9	27.9	+0.6	0.89
British Tst. (Acc.)	63.3	68.3	+1.4	3.26
Commodity Share	29.4	31.6	+0.4	3.79
Extra Income Tst.	24.0	25.9	+0.1	9.43
Far East Trust	31.0	33.3	.....	0.14
High Income Tst.	58.7	63.1	+0.4	9.49
Income Fund	76.4	82.2	+0.8	7.44
Ins. Agencies	14.20	15.18	+0.11	4.22
Intl. Exempt Fd.	93.5	101.0	+0.1	6.88
Intl. Tst. (Acc.)	30.8	33.2	+0.6	1.00

...

Accum. Units	34.3	36.8	.....	6.89

Prices on August 8. Next dealing August 15.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	48.8	51.8	.....	1.09
Capital Tst.	156.4	166.2	.....	3.21
Income Tst.	115.4	122.6	.....	7.84
Int. Growth Fd.	122.6	130.4	.....	2.27
Do. Accum.	128.4	136.4	.....	2.27

*Prices at Aug. 10. Next dealing Aug. 17.

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH 01-623 1050

Minster Aug. 13	39.0	41.0	.....	6.34
Exempt July 31	100.7	104.7	.....	6.40

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222 8177

MLA Units	54.6	57.4	+1.8	3.69

NOTES

Prices do not include $ premium, except where indicated♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

INSURANCE & PROPERTY BONDS

OFFSHORE & O'SEAS FUNDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979 High	1979 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
99 3/32	94⅝	Treasury 3pc '79‡‡	99 3/32	+1/32	3.03	13.08
98 15/16	95⅞	Electric 4¼pc '74-79	98 15/16	+1/32	4.30	13.21
100¼	54⅝	Treasury 10½pc '79‡‡	99 3/16	......	10.58	13.78
98⅓	94½	Electric 3½pc '76-79	98⅛	+⅞	3.57	11.00
99⅞	95⅞	Treasury 9pc 1980‡‡	98¼xd	......	9.16	12.48
99½	95 11/16	Treasury 9½pc '80‡‡	97 11/16	......	9.72	12.68
97	92¾	Treasury 3½pc '77-80	94¾	......	3.69	10.15
97⅞	92⅞	Funding 5¼pc '78-80‡‡	95¾	......	5.48	10.63
103⅝	99 1/16	Exchequer 13pc 1980‡‡	100½	......	12.94	12.44
102⅛	96 11/16	Treasury 11½pc 1981‡‡	99⅝	......	11.57	11.92
93¼	88⅞	Treasury 3½pc 1979-81	92⅞xd	–⅛	3.77	8.64
99 11/16	92⅞	Treasury 9¾pc 1981‡‡	96⅝	+⅛	10.09	12.03
96¾	89½	Exch. 8¼pc 1981	94¼	+⅛	8.75	11.79
98 11/16	91¼	Exch. 9½pc 1981	95⅞	+⅛	9.91	11.88
91¼	84¼	Exch. 3pc 1981	90¼xd	–¼	3.32	8.34
98⅞	96	Treas. Variable '81§§	97¼	–⅛	14.17	15.19
104 3/16	97⅞	Exch. 12¾pc 1981‡‡	101½	+⅛	12.56	11.90
96⅞	88	Treas. 8½pc '80-82‡‡	93⅝	+⅛	9.10	11.69
89½	82	Treasury 3pc '82‡‡	88½xd	–¼	3.39	8.16
108⅛	100⅝	Treasury 14pc '82‡‡	104 7/16xd	+⅛	13.41	12.00
97¼	94⅛	Treas. Variable '82§§	95 15/16	–⅛	14.36	15.55
95¼	85⅝	Treasury 8¼pc '82	92⅛	+¼	8.96	11.50
97½	86½	Exch. 9¼pc 1982	92 13/16	+⅛	9.95	12.01
95⅞	84⅝	Exch. 8¾pc 1983	92 7/16	+⅛	9.47	11.47
86⅛	77¾	Exch. 3pc '83	84¾xd	–⅛	3.56	8.20
104⅞	93½	Treasury 12pc 1983‡‡	99 11/16xd	+¼	12.04	12.14
95	93½	Treas. Variable '83§§	93 15/16	–⅛	14.66	15.93
97¼	84½	Treasury 9¼pc '83	92 15/16	+⅛	9.95	11.51
98 7/16	85½	Exch. 10pc 1983	93½	+⅛	10.70	11.94
89½	78¾	Funding 5½pc '82-84‡‡	85½	......	6.43	9.59
—	—	Exch. 11¼pc '84 £30 pd	£97¼	......	11.57	12.06
77¼	76⅞	Exch. 3pc 1984●	77⅛	+⅛	3.89	8.91

Five to Fifteen Years

1979 High	1979 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
101⅛	97¼	Treasury 12pc 1984	100⅞	......	12.09	12.19
110	93¾	Exch. 12¼pc 1985	102⅞	+⅛	12.25	12.21
95	80	Treasury 8½pc '84-86‡‡	91½	+½	9.38	10.42
112½	97¾	Exch. 13¼pc 1987	105¼	+⅛	12.69	12.32
84½	72½	Funding 6½pc '85-87‡‡	83¾	+½	7.94	9.91
88⅛	73½	Treasury 7¾pc '85-88‡‡	85	+½	9.16	10.54
70⅞	58⅝	Transport 3pc '78-88	65⅝	+¼	4.60	8.64
73	61⅛	Treasury 5pc '86-89	71	+¼	7.21	9.83
113⅞	95¾	Treasury 13pc 1990‡‡	105¼	+⅝	12.48	12.27
89¼	72½	Treasury 8¼pc '87-90‡‡	83⅛	+¼	10.09	11.19
106⅛	86¼	Treasury 11¾pc 1991	97¾	+⅝	12.16	12.30

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

107	100	Do. 14pc '79	101	......	14.24	—
108⅛	98¼	Do. 14pc '83	103½	–¼	13.53	12.89
86½	77½	ICFC 5½pc Deb. '80-82	83xd	......	6.62	12.00
85	71½	Do. 6¼pc Db. '81-84	79	+½	8.09	12.30
99	84½	Do. 10½pc Uns. Ln. '86	92½	+½	11.50	12.50
99	84½	Do. 11pc Uns Ln. '88	94½	+½	11.79	12.20
101½	84	Do. 11¾pc Uns. Ln '90	96½	–½	12.35	12.60
72½	57	Do. 7¼pc A Deb. '89-92	66½	–½	11.20	12.90
69	53½	Do. 7¼pc A Db. '91-94	63½xd	......	11.41	12.80
81½	64½	Do. 9pc 'A' '91-94	74½xd	......	12.08	12.90
78½	62½	Do. 8¾pc Ln. '92-97	72½xd	......	12.24	12.70
102	95½	Do. 12½pc Uns Ln. 1992	98xd	–½	12.75	12.80

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 33⅛% (based on US$2.2245 per £)
Conversion factor 0.8950 (0.8877)

CANADIANS

S.E. List Premium 33⅛% (based on $2.6039 per £)

BANKS AND HIRE PURCHASE

£17¾	930	Com'zbk DM 100	£10¼	......	Q26.5%	—	6.6	—
£18½	£10¼	C'hgn.Hbk.Kr100	£10¼	......	Q12%	—	11.1	—
41	29	Corinthian 10p	36	+1	1.05	5.9	4.2	4.1
£24¾	£15	Cred. France F75	£17	–½	Q9.87%	—	3.8	—
16	12	Dawes (G. R.)	12	......	—	—	—	—
£121	£64	Deutsche Bank DM50	£67½	......	Q26.12%	—	5.1	—
90	63	F. C. Finance	63	......	2.2	4.9	5.0	5.8
8¼	5¼	First Nat. 10p	6	......	—	—	—	0.4
4	2	Do. Wrrts. 75-83	2½	......	—	—	—	—
266	178	Gerrard Natnl.	266	......	9.12	—	4.9	—
62	39	Gibbs (A.)	52	+1	2.2	—	6.0	—
270	217	Gillett Bros. £1	225	–1	†16.95	—	10.9	—

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

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INDUSTRIALS (Miscel.)

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[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

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MINES

CENTRAL RAND

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EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

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FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$17½	$10½	Buffels R1	$15¾	-¾	Q200c	ϕ	15.4
$15½	890c	East Drie R1	$12½	-⅞	†0115c	1.6	11.1
$10¾	350c	East Rand Prp. R1	912c	-63	†010c	—	1.3
$27⅝	$18¾	F.S. Geduld 50c	$26⅞	-½	†0315c	2.4	14.2
$19⅝	$11½	Pres. Brand 50c	$18	-¼	†0150c	3.2	10.1
$18⅛	$10¼	St. Helena R1	$17	-½	†0190c	1.4	13.5
760c	407c	Stilfontein 50c	685c	-35	†066c	1.7	11.7
$35¾	$18¾	Vaal Reefs 50c	$32	-1	†0280c	2.7	11.1
$50¼	$28¾	West Drie R1	$45½	-1½	Q615c	ϕ	16.4
$36½	$22¼	West Hldgs. 50c	$31¾	-2¼	†0415c	1.4	15.8
$18½	$10⅝	Western Deep R2	$14¾	-1½	†0147½c	2.1	13.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or in EEC currencies are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✢ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1976. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations. xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 22

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sindall (Wm.)	165	......
Bertam	22	......	IRISH		
Bdg'wtr. Est. 50p	405	......	Conv. 9% '80/82	£86½d	......
Clover Croft	28	......	Nat. 9¾% 84/89	£71¾	......
Craig & Rose £1	£11½	......	Fin. 13% 97/02	£86	+⅛
Dyson (R. A.) A	26	......	Alliance Gas	85	......
Ellis & McHdy	180	......	Arnott	330	......
Fife Forge	54	......	Carroll (P.J.)	105	......
Finlay Pkg. 5p	19½	......	Clondalkin	81	......
Graig Ship. £1	315	......	Concrete Prods.	87	......
Higson Brew.	75	......	Heiton (Hldgs.)	74xd	......
Holt (Jos) 25p	260	......	Ins. Corp.	190	......
I.O.M. Stm. £1	155	......	Irish Ropes	70	......
Pearce (C. H.)	265	......	Jacob	40	......
Peel Mills	30	......	T.M.G.	185	+20
Sheff. Refrshmt	105	......	Unidare	79½xd	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	24	Tube Invest.	30
A. Brew.	9	"Imps"	8	Unilever	55
BOC Intl.	6	I.C.L.	55	U.D.T.	5
B.S.R.	7	Inveresk	7	Utd. Drapery	10
Babcock	18	KCA	5	Vickers	18
Barclays Bank	32	Ladbroke	22	Woolworths	7½
Beecham	52	Legal & Gen.	14		
Blue Circle	18	Lex Service	11	**Property**	
Boots	18	Lloyds Bank	25	Brit. Land	7½
Bowaters	18	"Lots"	5	Cap. Counties	9
B.A.T.	28	London Brick	7	Land Secs.	25
Brown (J.)	50	Lonrho	8	MEPC	17
Burton 'A'	26	Lucas Inds.	25	Peachey	13
Cadburys	7	"Mams"	18	Samuel Props.	14
Courtaulds	10	Mrks. & Spncr.	11	Town & City	2¼
Debenhams	8	Midland Bank	30		
Distillers	21	N.E.I.	14	**Oils**	
Dunlop	6½	Nat. West. Bank	28	Brit. Petroleum	100
Eagle Star	14	Do. Warrants	15	Burmah Oil	13
E.M.I.	12	P & O Dfd.	10	Charterhall	5
Gen. Accident	21	Plessey	10	Premier	5
Gen. Electric	35	R.H.M.	5	Shell	25
Glaxo	50	Rank Org.	25	Ultramar	25
Grand Met	14	Reed Intnl.	18		
G.U.S. 'A'	30	Sears	5½	**Mines**	
Guardian	24	Spillers	4½		
G.K.N.	28	Tesco	7	Charter Cons.	16
Hawker Sidd.	26	Thorn	35	Cons. Gold	20
House of Fraser	18	Trust Houses	17	Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday August 15 1979

'SAFE' GAS TO BE RELEASED INTO ATMOSPHERE

$400m. plan to repair Three Mile Island

BY DAVID BUCHAN IN WASHINGTON

GENERAL PUBLIC Utilities, the energy holding company *that owns the Three Mile Island* nuclear plant, has announced a four year, $400m plan to put the damaged Pennsylvania reactor back into service which would *include venting filtered radioactive* gas into the atmosphere.

This aspect of the plan is bound to come under the closest scrutiny from Government agencies, Congress and local residents. Several thousand *people evacuated the area surrounding* the plant after the reactor core partially melted on March 28 and released sizeable amounts of radiation into the atmosphere.

Mr. Robert Arnold, GPU's Vice-President, said that the tentative scheme to release the gas over a 30-day period this autumn would be well within federal safety limits, and far below the amounts of radioactivity released after the March 28 accident, the worst in the history of U.S. commercial nuclear power.

The GPU recovery plan, developed with the help of Bechtel Power Corporation acting as consultants, has to be first approved by the Nuclear Regulatory Commission, which yesterday said it would need *some time to rule on the proposals.*

A recent NRC report sharply criticised the operators of the Three Mile Island plant for *over-riding certain automatic* emergency procedures during the accident and thereby aggravating the damage to the reactor's nuclear fuel core.

Public interest

Insurance will probably cover about $300m of the estimated $400m repair bill, and the company is hoping that the Government and other power companies *will finance the balance.*

GPU, and its wholly owned subsidiary Metropolitan-Edison, which directly operates the Pennsylvania reactor, base this *hope not on any commitment* from the Government or fellow utility companies but on the somewhat surprising expectation that the public and industry interest has been served by the gain in technical knowledge resulting from the accident.

A Met-Ed spokesman at the plant said yesterday: "This place is like a giant research laboratory now," with everyone learning a "tremendous" amount about nuclear mishaps *and their aftermath.*

The Pennsylvania Public Service Commission in mid-June turned down Met-Ed's request to pass on the massive repair *costs to consumers in the form* of higher electricity bills, and only allowed the company to charge consumers the extra cost of buying replacement power from other sources.

The GPU-Bechtel plan, if approved by the NRC, would also involve:

- Flushing with large amounts of water the inside of the contaminated concrete shell that *houses the reactor early next* year.
- Opening up the damaged uranium core by the spring of 1981, and its removal by the *autumn of that year.*
- Shipping some 2,000-2,500 truckloads of waste material to a special burial ground across the country in the state of *Washington.*
- Putting the plant back into operation by June, 1983, just over four years after the accident.

International safety rules urged, Page 2

Iranian regime orders guards to break up protests

BY ANDREW WHITLEY IN TEHRAN

Iran's government yesterday mounted a major effort to regain control of security in Tehran following three days of demonstrations.

Mr. Hashem Sahaghian, the Interior Minister, announced *that the Islamic republic's* revolutionary guards had been ordered to break up unauthorised protests.

Demonstrations and violent *clashes between rival political* factions shook the capital again yesterday while Left-wingers and other opponents of the regime went underground to evade arrest.

The protests began on Sunday *over new Press restrictions.* They rapidly developed into an open confrontation between Right-wing supporters of Ayatollah Khomeini *and Left-wingers.*

Clashes broke out yesterday morning when about a thousand supporters of the Marxist Fedayin-e-Khalq guerrillas marched through the city centre in protest against Monday's armed takeover of their headquarters by Islamic committeemen.

The Government news agency Pars, said three people were injured when the marchers were attacked with clubs and stones by opponents outside Tehran University. Revolutionary *guards dispersed the crowd* by firing in the air.

Mr. Sahaghian has stopped short of an outright ban on demonstrations, which would *be impossible to enforce. But* he appealed for restraint and warned demonstrators that counter-revolutionary forces are lurking to cause discord.

The Government's inner cabinet, led by Prime Minister Bazargan, met late on Monday evening together with Ayatollah Taleghani, the Tehran religious leader, to discuss ways of defusing the crisis. One outcome appears to be a determination to disavow the activties of the Hezbullahis, a fanatical fringe element who have also been causing problems for women they consider to be improperly dressed.

Arrested

A tougher line is apparently being adopted by the judiciary in the Islamic revolutionary courts and Prosecutor-General's office. According to the mass circulation newspaper Kayhan, which is close to the clergy, the revolutionary courts are to try rioters involved in the recent disturbances.

Mr. Reza Marzban, the editor of Peygham-E-Emrouz, the only remaining Left-wing daily, was reported yesterday by his colleagues to have been secretly arrested.

An arrest warrant is also *said to be out for Mr.* Hedayatollah Matin-Daftari, a leader of the Left-wing National Democratic Front and organiser of Sunday's march. He and 15 other executive members of the front are reported to have gone underground.

Although the revolutionary prosecutor-general's office has denied that warrants have been issued, the Persian-language daily Ettelaat says they were issued following complaints from people injured in Sunday's clashes. The front yesterday countered the charges by accusing a *small fundamentalist party*, Towhid, of initiating the violence.

Feature, Page 10

Suspension of staff postponed as ITV row goes to ACAS

BY GARETH GRIFFITHS, LABOUR STAFF

THE INDEPENDENT television companies have postponed today's threatened suspension of 13,500 staff until Monday in an attempt to allow time for both sides to consider a request yesterday by the Advisory, Conciliation and Arbitration Service for the pay dispute to go to arbitration.

Nonetheless both sides in the *dispute think that the national* blackout of ITV screens, which began with only Channel TV exempt, on Friday evening, could well continue until next week or later.

The Independent Television Companies Association and the unions involved in the month-long row—the Association of Cinematograph, Television and Allied Technicians, the National *Association of Theatrical*, Television and Kine Employees, and the Electrical and Plumbing Trades Union—yesterday saw Mr. Andy Kerr, ACAS's chief conciliation officer. They met jointly for two 40-minute sessions, but met *separately* for most of the four hours they were at ACAS headquarters in London.

The timing of individual *union decisions on whether or* not to accept arbitration means that no effective decision can be reached until Thursday or Friday.

Mr. Jack O'Connor, national ITV officer of the ACTT, said *after the talks he thought* the blackout could last until at least the weekend. Asked about suggestions that the blackout could continue for a month, Mr. Ron Carrington, labour relations advisor to ITCA, said the situation had not changed.

ITCA would consider the *arbitration request, he said, but* the companies had not changed their minds on their 15 per cent pay offer which compares with 25 to 30 per cent being sought by the unions. ACAS had asked ITCA not to make up its *mind immediately* over the arbitration proposals.

Mr. Jack Wilson, general secretary of NATTKE, said last night he understood the companies would agree to arbitration on craftsmen's differentials provided the unions accepted the 15 per cent offer.

ACTT's *Mr. O'Connor, said he* would have to discuss the arbitration offer with the union's television negotiating committee and with a national meeting of shop stewards on Thursday.

The companies had conceded *that their offer was worth* a maximum 16½ per cent with fringe benefits compared to the 23 per cent some company spokesmen had been suggesting.

Mr. Alf *McBrowse*, national EPTU officer said he felt no progress had been made yesterday. Mr. Jack Wilson of NATTKE said his union would make its mind up shortly. NATTKE yesterday decided to *drop an injunction it intended* bringing against ITCA over the proposed lock-out today.

Weak dollar cuts Lord Grade's pay by £15,000

By Elaine Williams

ONE OF Britain's highest paid executives, Lord Grade, chairman of the Associated Communications Corporation, lost *£15,000 in salary last year* because of the fall in the value of the dollar.

Nearly 75 per cent of Lord Grade's salary is paid in *dollars because of the large* amount of time he spends in the U.S. working on the group's television and film interests.

But in the year to March, sterling rose by nearly 11 per *cent against the dollar and* caused Lord Grade's total earnings to fall from £210,428 in the previous year to £195,208.

Lord Grade explained: "This is the effect of the dollar. I *think it is a liberty cutting my salary like that.*"

The company is increasing its authorised share capital by the creation of another 12m *new shares.* Lord Grade said last night there were no present plans to issue these, but the directors wanted them to be available so shareholders did not have to be asked suddenly to create them when they were needed.

Lord Grade's company increased its pre-tax profits by 19 per cent last year. He now faces further pressure on his salary *this year because the pound* has risen 8.4 per cent against the dollar since March.

He may decide to retain more of his salary in Britain, *especially since the Government's* sharp cuts in the high bands of income tax. Lord Grade has frequently criticised the British tax system which he considered was strangling the film industry.

Last year, Lord Grade considerably expanded his empire, which includes television company ATV, a film making subsidiary ITC, several theatres, Pye Records and Ansaphone. In February ACC acquired Intereuropean Property Holdings which runs the chain of Classic cinemas.

Companies, Page 13

Auditors' qualification in Inchcape report

BY JAMES BARTHOLOMEW

THE ANNUAL accounts of Inchcape and Co., the leading overseas trader, include a qualification by the auditors because of uncertainty surrounding its Iranian assets.

Deloitte Haskins and Sells, the auditors, say in the report, out yesterday, that they are *unable to satisfy themselves as* to the adequacy of the provision made by the company because of Iran's "uncertain economic and political situation."

Inchcape's net assets in Iran have a book value of £4.5m and it has contingent liabilities for bank guarantees and bills of £4.3m. The company made a provision of £1m to reflect the Iranian troubles.

Friendly

The auditors qualified the report because they were unable to say whether the provision of £1m was adequate. The figure of £1m was reached after *friendly discussion* with the auditors, Inchcape said.

Inchcape comments that in spite of disruption and the threat of nationalisation, its *Iranian operations* are going remarkably well.

The Bilassu Brewery, in which Inchcape has a 25 per cent stake, had to stop making *beer under the new regime*, but a couple of weeks ago it began selling a soft drink made by boiling out the alcohol from its large stocks of beer. The new product is selling as well as the beer did.

Double Knit Iran, in which Inchcape has a 49 per cent interest, has made losses in the first few years of operation but *its viability has been improved* by the closure of two competitors. The Investment Bank of Iran is considering a request to inject £3.5m capital.

Ambitions

Gray *Mackenzie* and Company, the fully owned shipping and general agent, has seen a considerable fall in turnover and is conducting a "holding operation." Even there, however, the difficulties have been eased by *new business* transferred from a bankrupt competitor. Its alcohol distribution business has had to cease trading.

Inchcape believes that the threat of nationalisation is receding. Executives on the spot say that the Government is coming round to the view that *earlier plans for* widespread State takeovers were too ambitious.

However, renewed street violence has put everything *into the melting pot again*, Inchcape says.

Antigua plan put to 'silver bank' clients

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

DEPOSITORS with Kendal and Dent, the fringe "silver bank" which is being wound up by order of the High Court, are now being invited to assign their rights to a company described as "Silverbank of Antigua."

The winding-up order, granted *in June*, was made on a petition by the Department of Trade alleging insolvency and breaches of the Companies Act, the Protection of Depositors Act, the Exchange Control Act, and the Prevention of Fraud (Investments) Act.

In granting the petition, Deputy Judge Allan Heymann said *Kendal and Dent had misled* the public and broken the low.

The invitation comes in a letter which a number of depositors have received from Mr. Lewis Rowe, a former director of Kendal and Dent.

But the proposal that amounts due to depositors under the liquidation should be assigned in this way does not have the *approval* of Mr. Ian Watt, the liquidator, who is a partner in Thomson McLintock, chartered accountants. "The letter from Mr. Rowe has gone out without *my knowledge, and therefore* without my prior aproval," Mr. Watt said yesterday.

Mr. Rowe, implying that he is actig on behalf of the Kendal and Dent Board, says in the letter that depositors "who do not wish to be further inconvenienced with the recovery of credits" may use, free of charge, "the services of our solicitors, Messrs Marson and Co., and sell their credits to Silverbank of Antigua."

The letter continues: "We would point out that Mr. Peter Marson, being a solicitor, is an officer of the Supreme Court in the UK, an authorised depository and has to maintain client accounts whereby clients' money is kept strictly separate from any other funds."

Depositors taking up Mr. Rowe's offer are told they may then withdraw their deposits from Silverbank of Antigua in five payments extending from "100 units of silver" on the date of the assignment to a final payment of 25 per cent of the deposit on December 31, 1981.

Mr. Peter Marson could not be contacted yesterday. A colleague was certain that Mr. Marson had not seen Mr. Rowe's letter. He confirmed, however, *that "many"* depositors had already signed deeds of assignment—but these did not necessarily result from Mr. Rowe's letter.

Marson and Co acted for Kendal and Dent in the winding up applications, and is also understood to have Silverbank of Antigua as a client.

Continued from Page 1

Callaghan

major threat to the unity of the party."

The former Prime Minister's *platform was provided for him* by the loyalist Iron and Steel Trades Confederation which with the National Union of Blastfurnacemen had invited *him to address their executive* members in the ISTC's head office in Gray's Inn Road.

Other stalwarts from the moderate camp were present, including Mr. Frank Chapple of the electricians, Mr. Sid Weighell of the railwaymen, and Mr. Ken Baker of the General and Municipal Workers standing in for Mr. David Basnett.

Mr. Bill Sirs, ISTC general secretary, opened the proceedings *by saying the unions were* very worried by developments. The solidarity of the Labour movement built up over decades was in danger of being eroded.

Afterwards he urged Mr. Callaghan not to renounce the leadership until the job of unifying the party had been done.

Spain plans to halve growth prospects

BY ROBERT GRAHAM IN MADRID

THE SPANISH Government yesterday unveiled its long-awaited economic plan, responding to criticism that it had been slow to come to terms with the *energy crisis* and the *deepening* recession in the country.

The plan envisages a halving of growth prospects for the current year and contains a firm *commitment to contain* public sector spending which, if allowed to continue at its current rate, would be double that originally anticipated.

Many of the *details of* the programme have been leaked over recent weeks but anxious to give it maximum publicity, Sr. Fernando Abril Martorell, the Vice-Prime Minister, who has overall responsibility for economic affairs, and Sr. Jose *Luis Leal*, the *Economy* Minister, presented it to the press.

In addition to providing concrete measures for the coming months it also contains the most *detailed enunciation of the Government's* economic philosophy. The Government has committed Spain firmly to a market economy in the economic plan and *rejects all measures* of protectionism as a means of resolving the crisis.

Growth instead of being between 4 and 5 per cent is now estimated at 2.7 per cent. Inflation, which the Government had hoped to contain at about 12 per cent is now expected to be about 16 per cent—2 per cent of this will be accounted for by increased energy costs.

Both Sr. Abril and Sr. Leal made it clear that the increased energy costs had to be borne by all Spaniards and not just the state and could not be reflected *in increased rates demands.*

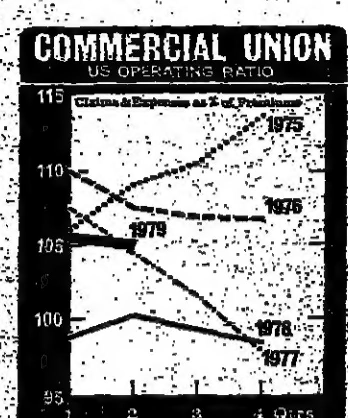
The ministers said the Government proposed to cut Pta 100bn (£677m) from public sector spending, so reducing *the public sector* deficit to Pta 300bn. This is still Pta 100bn above the original 1979 estimate and is attributed to heavy extra costs in financing *social security*, the *burden of* demands by the many local corporations in debt and the increase in funding public enterprises.

THE LEX COLUMN

Letraset's costly stamp collection

The bulls regained the initiative in the gilt-edged market yesterday, with the result that by the close the new tap stock, Exchequer 11¾ per cent 1984, is only slightly expensive at its minimum tender price. It may attract a respectable subscription this morning.

Index fell 0.7 to 475.1



Letraset

The obvious conclusion to be drawn from Letraset's £9m rights issue is that the company badly underestimated just how much money it would have to pump into Stanley Gibbons following the acquisition earlier this year.

By any standard Letraset paid a lot for the privilege of owning the world's largest rare stamp dealer—£19m for *net assets of* £3.5m and after tax profits of £1m. Undoubtedly Gibbons has a world wide reputation but with deals like the Marc Haas *collection (worth over $10m)* coming along it needed more working capital.

Under Letraset's wing, Gibbons' stocks have risen from *£5¼m* at the end of *1977* to around £14m currently. With gross margins of 40 per cent stamp dealing is a profitable business but it can take three years to sell of something like the Haas collection. Meanwhile, Letraset's net cash of *£1.7m last* year has been transformed into net indebetedness of nearly £15m on the eve of the rights issue (including the consideration for the Haas collection). With shareholders' funds of *£16m Letraset needs more* equity.

The company's explanation is that the potential for expansion at Gibbons is considerably greater than "*initial expectations.*" This may be so but shareholders have seen their shares fall by nearly a fifth since the J. and L. Randall acquisition in April, 1978, while the stock market has risen by a fifth. *However, a prospective yield of* nearly 8 per cent provides some support for the share price at 131p.

Commercial Union

Following a storm hit first quarter and the *strength of* sterling Commercial Union will be doing well to maintain its pre-tax profits this year. Judging by the half-year figures, an underwriting profit of £2.9m in 1978 could turn into a loss of *nearly £20m (mainly in the U.S.* and Holland) this time, which might leave the pre-tax total a little below last year's £142.2m. On the dividend front, CU has less room for manoeuvre than its rival composites: a rise of roughly an eighth, to around 10p net per share, could be on the cards and would be twice covered by prospective earnings.

Interim profits are £6.1m down at £58.1m pre-tax, although at constant exchange rates the fall would have been only £100,000. UK underwriting has produced a profit of £3.7m in the second quarter, more than offsetting losses in the first three months, and all major classes of UK business are now in the black except for the commercial and domestic property.

In the U.S., the group is pushing strongly for new business *following a period of enforced* contraction. The *strength of* sterling is a positive help here, and CU hopes to ship out a further $60m of capital later this year to support its volume growth—which is currently running at around a tenth. In its early stages, this expansion is inflating the U.S. expense ratio, but the hope is that benefits will start to show through about *a year from now.*

Meanwhile it looks as though the combined expense and loss ratio for the U.S. insurance industry, which represented *around 98 per cent of premiums* in 1978, could deteriorate by three or four points in 1979 and show further weakness in 1980. But CU's overall profits should be reasonably stable in both years, and at 144 the prospective *yield could be around 10 per* cent.

Philips

After making a promising start to 1979, Philips has run into difficulties in the second quarter. Pre-tax profits have fallen 11 per cent to Fl 315m, *although the half year figure of* Fl 625m is still 4 per cent above 1978 levels. Overall margins have held up quite well, except on the sound and vision side, *dominated by television sets*, which accounts for roughly a third of group sales. The problem has been volume: after gains of 8 per cent in the first *quarter, second quarter volume* is unchanged on last year.

Philips draws attention to the inflated television sales of the second 1978 quarter ahead of the *World Football Cup* to help explain this year's relatively poor performance. On this argument there may be a pick-up in the second half compared with the *depressed period* after the World Cup last year. But Philips does not seem to have anticipated the fall in demand, its inventory levels, heavily influenced by television stocks, have risen to 32.8 per cent of the last twelve months' sales from 30.5 per cent, a disappointing development at a time when the group has been trying to tighten financial control. Philips is now talking openly about the effects of world recession on its sales, and the volume increase for the year as a whole, once expected to be 8 per cent, *may turn out to be no* more than 6 per cent. It claims, however, to be at least holding its share of its various markets.

In the second half currency losses should be below the recent norm, and for the longer term the growth in sales of electronic systems, above the group average, is encouraging. The shares have been a dullish market this year—yesterday in *Amsterdam they* slipped Fl 0.70 to Fl 24.80 and analysts have been gradually downgrading their 1979 earnings forecasts to around Fl 4.30 a share from Fl 4.60 or so (Fl 3.81 last year).

Electronic Rentals

While Philips' warehouses fill up with television sets, the balance sheet of its 34 per cent associate Electronic Rentals is showing the strain of absorbing British Relay—an acquisition that greatly increases the number of TV rental outlets available to Philips in the U.K.

Net debt, including a £10m subordinated loan from Philips, stood at 111 per cent of shareholders' funds at the end of March against 68 per cent a year earlier. The company is confident that its higher cash flow will enable it to get gearing down to a more normal level in *a couple of years*—for Electronic Rentals, "normal" may mean around 75 per cent. There is no hint here of a rights issue, although it is possible that Philips may subscribe more shares.

Weather

UK TODAY

SHOWERS, suny intervals and strong winds.

London, S.E., Midlands, E. England, Cent. N. England, N.E. England

Sunny intervals. Showers later. Max. 20C (68F).

S.W. England, Wales, Isle of *Man*, Ulster

Showers and sunny or clear intervals. Max. 17C (63F).

Borders, Edinburgh and Dundee, Cent. Highlands, N.E. Scotland

Gale force winds. Showers and *sunny intervals.* Max. 16C (61F).

Rest of Scotland

Showers, strong winds, rather cool. Max. 13C (55F).

Outlook: Little change.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Locarno	S	25	77
Algiers	S	31	88	London	F	19	66
Amsdm.	F	24	75	Luxmbg.	F	26	79
Bahrain	S	38	100	Luxor	S	39	102
Barclna.	S	28	82	Madrid	S	34	93
Beirut	S	29	84	Majorca	S	30	86
Belfast	C	14	57	Malaga	S	20	68
Bolgrd.	C	17	63	Malta	F	27	81
Berlin	S	23	73	M'chstr	C	16	61
Biarritz	C	23	73	Melbne.	C	13	55
Bmghm.	C	17	63	Milan	S	27	81
Blackpl.	R	15	59	Mntreal.	S	20	67
Bordx.	C	25	77	Moscow	S	20	68
Boulgn.	C	17	63	Munich	S	24	75
Bristol	R	16	61	Nairobi	R	14	57
Brussels	F	26	79	Naples	S	27	81
Budpst.	F	26	79	Nwcstl.	R	16	61
B. Aires	S	18	64	N. York	C	22	72
Cairo	S	32	90	Nice	F	25	77
Cardiff	C	17	63	Nicosia	S	28	82
Cas'b'ca	S	25	77	Oporto	C	21	70
Cape T.	S	17	63	Oslo	C	16	61
Chicago	S	17	63	Paris	C	25	77
Cologne	F	26	79	Perth	R	14	57
Cpnhgn.	F	19	66	Prague	S	23	73
Corfu	S	27	81	Reykjvk.	F	12	54
Dublin	C	15	59	Rhodes	S	27	81
Dbrvnk.	S	24	75	Rio J'o	S	29	86
Ednbgh.	R	17	63	Rome	F	28	82
Florence	S	30	86	Salzbrg.	F	25	77
Frankft.	F	25	77	Singapr.	C	30	87
Funchal	S	25	77	Stckhm.	F	19	66
Geneva	F	28	82	Strasbg.	F	26	79
Gibltr.	S	25	77	Sydney	S	15	59
Glasgow	R	16	61	Tangier	S	27	81
G'rnsey	S	17	63	Tehran	S	30	86
Helsinki	F	20	68	Tenerife	C	20	68
H. Kong	S	30	87	Tokyo	C	32	88
Innsbrk.	S	24	75	Toronto	C	18	65
Invrnss.	R	12	54	Tunis	S	29	84
I.o.Man	F	15	59	Valencia	S	30	86
Istanbul	S	24	75	Venice	S	25	77
Jersey	S	18	64	Vienna	S	24	75
Jo'burg	C	16	61	Warsaw	C	17	63
L. Plms.	F	25	77	Zurich	S	24	75
Lisbon	S	24	75				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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هكذا من الأصل